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House leaders predict few tax law changes

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BOISE — Two House Republican leaders said Wednesday they didn't feel there will need to be many changes in implementing the 1 Percent Tax Initiative in the current session of the Idaho Legislature.

Majority Leader Walter E. Little, R-New Plymouth, and Assistant Majority Leader Darwin Young, R-Blackfoot, said in a Post-Register interview they feel state and local governments will simply need to tighten their belts and live within their income.

Both predicted there will be no general tax increase and agreed the 2 percent sales tax jump proposed by Rep. Myron Jones, R-Malad, will not get far.

"We have got about the same kind of problems we have had in the past," said Little, "except it's even tighter this year."

"We can cut programs, make across-the-board cuts or freeze salaries and budgets."

Little said a salary freeze would mean a state savings of \$18 million.

"I don't know that a employee increase is necessary," he commented.

Little said the most logical way out of the financial dilemma is to find how much funding is available and then let the Joint Finance Appropriation Committee trim budgets to come within the projected income.

Little frowned on a severance tax on hard minerals but said it might be a good idea to do this for fossils and oils now because none have been found so far in Idaho. If there is some discovery, then the tax would already be in force and the state could reap the benefits.

Another financial drawback, Little said, is the

loss of \$8 million in federal revenue sharing.

He said the state also faces the obligations of paying \$2.7 million in Medicaid delinquencies, \$1 million to repair the state prison damages and \$100,000 for the Mount St. Helens volcano ash cleanup.

He also said the Legislature need not worry over a possible \$3 million shortfall projected for the current year. If this does happen, then it is the responsibility of the governor to order a further cutback but Little added he is optimistic this may not be necessary.

He said the Legislative Revenue Projection estimate of \$422,250,000 looks accurate.

He also said nothing is sacred and that includes a possible moratorium on kindergartens.

Young, who was one of the main authors in writing the 1 percent implementation measure in the last two sessions, expressed particular concern over school district funding.

He said the 1 Percent Initiative has saved tax increases but there has been a greater shift to the property owners by speeding up property re-evaluation.

"I'm really satisfied with the way the 1 percent has been implemented and still keep within the law but there will be a need for a little cleanup on some of the provisions," he said.

Young contended most counties can go along with continuing a budget freeze, but granting a little increase in some cases.

Some of the counties that face increases, he said, are Canyon, Ada, Bannock, Nez Perce and Bingham.

East Idaho cities that also face the need for hikes are Firth, Blackfoot and Aberdeen in Bingham County.