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Idaho Republicans seek cuts to services, taxes

BOISE – Things seemed bad last year, when Idaho made an unprecedented cut in state funding for public schools while slashing budgets for everything from universities to economic development.

But the Idaho legislative session that kicks off Monday promises to dwarf those cuts with a wave of layoffs, furloughs, reduced state services and shuttered state functions.

“Last year it was tough,” said House Speaker Lawrence Denney, R-Midvale. “However, the stimulus package made those cuts a whole lot less than what they would have been, and we don’t have that this year.”

Last year’s Idaho state budget was boosted by hundreds of millions of dollars in federal stimulus money that replaced state general tax funds, from K-12 school funding to health services for the poor and disabled. Now, that’s mostly gone, leaving a giant hole to be made up from revenues that still lag, and that many lawmakers fear will lag further.

Congress could come through with more stimulus money, but Idaho’s not counting on it – and lawmakers and Gov. Butch Otter say they’re required by law to pass a balanced budget, not speculate about what could arrive later from the feds.

The latest numbers won’t be out until Monday, but it now appears that Idaho will fall well short of the amount of tax revenue needed in the next fiscal year to fund basic services that are required by state law – schools, prisons, Medicaid and the like. The most recent forecast, from August, suggests the state will fall more than 6 percent short of that mark. Plus, there’s still a \$50 million shortfall in the current year’s budget that will have to be addressed.

Rather than raise taxes, Idaho’s heavily Republican Legislature and governor are leaning toward changing the laws that require the state programs and slashing into long-protected services. It’ll all be happening in a year in which every seat in the Legislature is up for election, as are all statewide offices. And candidates can start filing for the ballot March 8 – while lawmakers likely will be wrestling with painful cuts.

Sen. Joyce Broadsword, R-Sagle, who already has an announced primary challenger, said, “I think we’re going to come home from session and we’re going to have a lot of people who don’t particularly like us.”

Rather than increase taxes, three prominent House Republicans are working to drastically cut taxes – trimming both individual and corporate income tax rates by a third over a series of years. Said Rep. Raul Labrador, R-Eagle, one of the co-sponsors and a candidate for Congress in May’s GOP primary, “If we craft it right and the cuts don’t start this year, when the economy starts rebounding what we can do is instead of growing government, we can be cutting people’s taxes.”

The bill’s backers weren’t deterred when the state Tax Commission published a study three weeks ago showing Idaho has the sixth-lowest overall per-capita tax burden in the nation and the lowest among 11 Western states.

Democratic legislators have dubbed the proposal “irresponsible,” but the minority doesn’t set the agenda. Still, the Democrats are floating ideas to generate more revenue short of a general tax increase, such as taxing Internet sales, eliminating tax breaks and loopholes, and hiring more auditors to collect unpaid taxes.

“I would consider some of those rather than just going in and cutting,” said Rep. George Sayler, D-Coeur d’Alene. Other issues will be addressed this session, but if they’re proposals that cost money, they’re unlikely to get much consideration.

Otter has put off his so far unsuccessful push for more transportation funding to next year, assuming he wins re-election.

Said Sen. Jim Hammond, R-Post Falls, “We just have to hold steady, figure out those essential services that we absolutely need to provide, ... I don’t expect a lot of initiatives to come forth and provide them. this year, because there’s no money to finance anything.”