

## Otter scotches one bill, ignores another

*Saying cost is too high, Idaho governor vetoes grocery tax repeal; he allows \$320M road plan to become law*

BOISE — Idaho Gov. C.L. “Butch” Otter exercised his veto authority Tuesday, rejecting a bill to repeal the state’s sales tax on food, but he took no action on a transportation funding plan, allowing it to become law.

The sales tax bill approved by the Legislature on March 27 would have eliminated both the state’s annual grocery tax credit and the tax on food itself.

In a letter laying out his reasons for vetoing the grocery sales tax repeal bill, Otter said he supports tax relief, but “the costs of this particular proposal are too high and the potential for imminent financial need too great for the small amount of tax relief it would provide.”

The net cost of the bill was estimated at \$79 million, with a \$53 million reduction in state sales tax collections, as well as \$26 million to protect city and county economies by increasing their share of the sales tax distribution formula.

“The truth is this bill’s benefits are largely imaginary while the downsides are many and very real,” Otter wrote.

In his veto message, Otter also suggested the Legislature should return next session and “undertake a more comprehensive reassessment of our tax system, and particularly the wisdom and continuing utility of the multitude of tax exemptions in Idaho Code.”

Also on Tuesday, Otter allowed the \$320 million transportation funding plan to become law, despite lodging multiple criticisms against key aspects of the measure.

“Transportation has been one of the central focuses and primary frustrations of my three terms as governor,” Otter wrote in his transmittal letter to lawmakers and to the secretary of state’s office.

Otter went on to lament that mistrust and misunderstanding inside the Statehouse has stifled efforts to come up with a long-term solution to address the state’s aging infrastructure. Nevertheless, Otter said he could not veto the bill because he had no hope that lawmakers would successfully come up with a better solution in 2018 since they would be too worried about the upcoming election cycle.

In Idaho, the governor has a small window to sign or veto bills once they reach his desk. If the governor chooses to do nothing, then the bill automatically becomes law.

The new transportation plan is primarily made up of \$300 million in bonds to pay for new road projects and repay it with future federal highway payments.

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Page 2 of 2

However, the plan also funnels 1 percent of the state's sales tax revenue — which goes into the state's general fund — to pay for other infrastructure projects. This roughly \$15 million marks a shift in lawmakers' willingness to use previously taboo funds for road and bridge maintenance.

That's because general funds pay for public schools, and lawmakers have long resisted creating a competing stream that could threaten to take away money from education.

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