

Risch got his tax shift, Otter got the shaft

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Why is Gov. C. L. (Butch) Otter taking ownership for one of his predecessor's worst foul-ups?

Responding to a series of editorials, Otter - joined by House Speaker Lawrence Denney, R-Midvale and Senate President Robert Geddes, R-Soda Springs - recently rejected out of hand any attempt to repeal the 2006 measure that removed the last vestige of basic public school support from the property tax and replaced it with a one-cent rate hike in the sales tax.

"The vast majority of Idahoans supported that change and with good reason," the GOP trio wrote in an op-ed column that appeared Sunday in the Tribune. "Now with property values down along with the economy, reversing it would shortchange schools and impose a crushing burden on local property taxpayers who already are struggling at a time that we're trying to revive - not suffocate - Idaho's economy."

Otter's being too generous.

Much of the budget grief he's now enduring stems from that 2006 tax shift. And the governor responsible isn't Otter. His name is Jim Risch.

Holding office for the last eight months of Dirk Kempthorne's unexpired term - Kempthorne had left Boise to become George W. Bush's secretary of the interior - Risch rammed his tax-shift bill through a one-day special legislative session in late summer when few were paying attention.

He wouldn't entertain any alternatives.

Nor would he accept any criticism that his package would favor the rich. It did, of course. Cutting property taxes and raising sales taxes meant a net savings of about \$60 million, and most of that went to people with major holdings and large incomes. A low-income family renting its home ended up paying more taxes.

And Risch dismissed warnings that his plan would somehow undermine support for schools.

Well, welcome to 2010.

The legislative budget committee has cut \$128 million from the public school budget. When you factor in inflation and rising enrollments, it equals an 8.5 percent loss. Someone will make up the difference - teachers, children or taxpayers.

But what if Risch had left well enough alone in that summer of 2006?

The State Tax Commission says the maintenance and operation levy today would generate at least \$352 million more.

Subtract from that the \$186.5 million an extra penny of sales tax generates.

And for good measure, deduct the \$70 million in voluntary school property taxes - building bonds, supplemental levies, plant facility levies and overrides - school patrons have approved in the last four years. Some of those may have passed anyway, but the sudden drop in local property taxes certainly made it easier for local schools to win approval.

That leaves \$95.5 million more for schools.

The gap between holding schools harmless and the money available would have been \$32 million - well within reach of state schools Superintendent Tom Luna's plan to draw extra dollars from the public schools endowment fund. As it was, the state Land Board gave Luna less than half of what he sought.

What would all of this have meant?

circle Preservation of funding for new school computers, updated textbooks, keeping drugs out of schools and extracurricular activities.

circle Teachers, administrators and staffers still might have endured pay cuts, but not as deep.

circle Possibly local schools would have been authorized to decide for themselves whether to declare an emergency and renegotiate teacher contracts - rather than having the Legislature declare a statewide exigency that could undermine four decades of collective bargaining.

circle Classes could be 11 percent less crowded.

circle Less pressure to raise local supplemental property taxes to backfill the loss of state support for schools.

Of course, Risch is safely ensconced in his U.S. Senate office in Washington, D.C. His tax shift is now ancient history.

But he and the Republicans who supported him pledged their shift would not shaft schools. This \$95.5 million loss represents a retreat from that commitment. Next time the senator returns home, perhaps he could explain why. - M.T.