

Fulcher's sales tax cut makes sense for 15 seconds

Marty Trillhaase/Lewiston Tribune

Lifting Idaho's sales tax from groceries is a great campaign slogan for GOP gubernatorial hopeful Sen. Russ Fulcher and his comrade, Sen. Cliff Bayer, both R-Meridian.

It sounds good - for about 15 seconds.

Spend 15 minutes, however.

You won't think so.

Forty-five states charge a sales tax. But only a handful, including Idaho, tax food. Beginning in 1965, Idaho opted to give residents a grocery tax rebate on their income taxes.

Over time, inflation eroded the rebate's value to virtually a pittance.

That changed after 2006, when lawmakers shifted the burden for school support from property taxes paid by corporations and wealthy families to a sales tax borne by lower-income households. In 2008, they bumped up the tax credit. It's now \$100 for each member of a low-income household. Everyone else gets \$80, but it will rise to \$100 by 2015. At that point, the rebate will cost about \$142 million.

Eliminating the tax from food entirely, say Fulcher and Bayer, will cost only another \$26 million. Of course, that figure may be outdated. It could be far more.

So who loses under this plan?

The low-income family that buys less-expensive food. The \$100 rebate equates to a monthly \$139 per person food bill - about 15 percent more than a low-income family typically spends.

The retired woman who, for the sake of company, takes many of her meals at the local coffee shop.

And Idaho's public schools. That \$26 million cut comes on top of nearly \$450 million worth of tax breaks Idaho's GOP governors and lawmakers have passed out - mostly to their corporate cronies - since 2000. As a result, the share of Idaho's personal income devoted to public schools has slipped 25 percent - or about \$600 million a year.

While Gov. C.L. (Butch) Otter has pledged to implement his education task force agenda during the next four or five years, the current budget will not yield the \$350 million it requires - without either a new tax or a miraculous growth spurt in Idaho's sluggish economy.

And who wins under the Fulcher-Bayer scheme?

Once again, it's the heavy rollers.

If you're making lots of money, odds are you're lavishing some of it on expensive cuts of beef and seafood and spending far more than \$139 a month. For you, the Fulcher-Bayer deal nets a 27- percent gain.

Corporations do not get a sales tax rebate. Remove the sales tax on groceries corporations buy for conventions and other gatherings, and it's an instant tax break for them.

Likewise, the tourist who fills up his motor home pantry and refrigerator gets no rebate on the Idaho sales tax he pays. Fulcher-Bayer is a windfall for him.

For the sake of argument, say the two Meridian Republicans are sincere about helping Idaho's growing underclass.

OK, let's see the color of their money.

If they insist on repealing the sales tax on life's necessities, show us how they'd replace the dollars for public schools.

How about repealing some of the exemptions that have propagated since the sales tax took effect 49 years ago? Between legislative generosity to corporate lobbyists and the rise of the tax-exempt service sector economy, Idaho loses nearly \$2 billion every year - far more than the \$1.2 billion it collects.

At minimum, how about joining the group of sales tax states pushing Congress to enable them to enforce the tax already due on Internet sales? Idaho's losing at least \$65 million through uncollected sales tax on e-commerce - to say nothing of the inequity this creates for the state's brick-and-mortar businesses that must collect the 6 percent tax on every purchase.

So give us more than a 15-second sales pitch, Sens. Fulcher and Bayer. What are you really up to here - helping people at the bottom of Idaho's economic ladder or "starving the beast" of public education? - M.T.