

Idaho cronyism: You ain't seen nothing yet

Marty Trillhaase/Lewiston Tribune

If you like Idaho Gov. C.L. (Butch) Otter's corporate cronyism, you'll love what Otter's Commerce Director, Jeff Sayer, has in store.

Under Sayer's Idaho Reimbursement Incentive Act, companies would get a 30 percent cut in income taxes, sales taxes and payroll taxes for 15 years - in exchange for creating at least 20 jobs in a rural area or 50 jobs in an urban setting that pay at least the average wage in the county where it's locating.

For the company, it's easily worth millions.

How much good it does you, however, is very much in doubt.

Unlike other Idaho tax incentives, this one is refundable - which means the company actually can get a check from the state.

There is no limit on the size of the a project's tax credit.

There is no limit on the aggregate amount of all tax credits.

Likewise, there's no guarantee the state's investment will pan out. If the company shuts down after three or four years, it pays nothing back.

Businesses are far more interested in locations close to their markets, good transportation systems, low labor costs, skilled workers and quality schools. Of course, nobody turns down a tax goody.

But if tax breaks produced economic development, Idaho would be basking in prosperity instead of bouncing along the bottom in terms of per capita income.

If it works, who pays for the new schools, highways and services this growth will demand? The people already living and doing business here.

Up to now, however, a business tax incentive was a black or white issue. Take the state's Investment Tax Credit, for instance. If a company qualified, it simply took it. If an audit indicated otherwise, the State Tax Commission stepped in and recovered the money.

Sayer's plan is something entirely different.

An applicant - or his lobbyist - approaches Sayer's office with a proposal. When he's satisfied, the commerce director forwards the idea to the state's Economic Advisory Council.

This obscure group of seven gubernatorial appointees can be fired at moment's notice if they fail to do the governor's bidding. Sayer's bill gives this panel the authority to "approve or reject" the application and its word will be "final and conclusive and shall not constitute an appealable agency action. ..."

Consider giving the governor - and his subordinates - the authority to grant or withhold favors with your tax money in this context:

- Before he was driven from the job, former State Tax Commission Chairman - and former Otter campaign treasurer - Royce Chigbrow had been helping his friends, betraying taxpayer secrets and improperly handling tax payments.
- To end her whistle blower lawsuit, Otter's Transportation Board issued former Transportation Director Pamela Lowe a \$750,000 check. Lowe said she was fired after trying to rein in spending on a \$50 million project management contract by two politically connected companies, URS, formerly Washington Group International, and the Denver-based CH2M Hill.
- Otter buddy and former Administration Director Mike Gwartney changed the rules in the middle of the bidding process, steering the lucrative Idaho Education Network contract to Qwest Communications (now CenturyLink Inc.) and away from Syringa Network LLC. The federal government, which covers three-quarters of the IEN project, took note, stopped funding the project and may want the rest of its money back.
- Now under federal investigation, Corrections Corporation of America concealed understaffing at the Idaho Correctional Center it was paid \$29 million a year to manage - unleashing a torrent of inmate violence that won ICC the moniker the "gladiator school." Otter is tied to CCA by virtue of being it's top recipient of campaign cash. His former chief of staff, Jason Kreizenbeck, signed on as a lobbyist for the Nashville, Tenn.-based company. Otter reluctantly agreed to bring ICC under state management. And it took the urging of Attorney General Lawrence Wasden and pressure from his GOP primary election opponent, Sen. Russ Fulcher, R-Meridian, before Otter was willing to authorize a criminal investigation of the company.

Yet, Sayer's bill is on the fast track. Last week, it sailed through the House, 63 to 5. At this rate, it will fly through the Senate and be on Otter's desk within the week.