

# Like Risch's tax shift? You'll love the sequel

**Marty Trillhaase/Lewiston Tribune**

Some of the same people who brought you the Risch tax shift of 2006 are up to their old tricks.

As you remember, former Gov. - and now U.S. Sen. - James Risch strong-armed the Idaho Legislature to lower property taxes on the wealthy, raise sales taxes on the working poor and destabilize funding for the public schools in the process.

Now comes Son of Risch.

As the Idaho Statesman's Bill Dentzer reported, these lawmakers plan to raise \$150 million for Idaho's crumbling highway and bridge network by:

- Raising Idaho's sales tax rate to 7 percent from 6 percent.
- Exempting grocery purchases from the sales tax.
- Fixing Idaho's income tax at a flat 6.6 percent.

Now if you're sitting on top of Idaho's economic ladder, you might consider calling these legislators to express your gratitude. They've just handed you a tax break.

But if you're among the masses struggling in Idaho's low-wage economy, you'll pay more.

Needless to say, raising the sales tax to 7 percent works a greater hardship on low- and modest-income individuals, who spend the bulk of their money on essentials. People with higher incomes tend to invest more of their dollars or spend them on non-taxed services.

Even lifting the sales tax on groceries hurts the poor.

Today, Idaho provides each of its citizens with a grocery tax credit which is supposed to max out at \$100.

Anyone who gets by on hamburger and store-brand coffee may get more back in the grocery tax credit than the amount of sales tax he pays on groceries. For instance, a family of four that spends \$6,000 a year on groceries pays about \$360 a year in sales taxes - and gets a \$400 credit.

If the sales tax comes off groceries, wealthy consumers who shell out more money on everything from filet mignon to premium coffee get an even larger return. If that same family of four spends \$12,000 a year on groceries, sales taxes come to \$720 - or \$320 more than they receive from the credit.

And out-of-state tourists, who don't get any tax credit, would share in the benefits of lifting sales taxes from groceries.

Then there's the income tax. Idaho's tax ranges from 1.6 percent on the first \$2,900 of taxable income to 7.4 percent on taxable income above \$21,400. The top rate has not been this low since the 1930s.

A flat 6.6 percent tax would mean someone at the bottom pays the same rate as Idaho's wealthiest individual, Melaleuca CEO Frank VanderSloot of Idaho Falls.

For instance, a family earning \$50,000 today pays \$1,122 in state income tax. At 6.6 percent, that bill rises to \$1,439.

Conversely, a family making \$128,000 today pays \$6,905. A 6.6 percent flat tax reduces that bill by \$305.

In other words, people at the bottom of the income scale will be subsidizing people at the top.

Any family earning less than \$89,700 loses money on this arrangement.

That's most of us.

Idaho's median household income is \$46,783. Its average household income is \$60,665. Nearly three quarters of Idaho households live on less than \$70,000.

By the end of the decade, economic forecaster ECONorthwest of Portland, Ore., says Idaho will have even fewer people at the top and substantially more living at the poverty line or just above it.

And for the first time, this plan would let people who actually drive on Idaho's highways and bridges off the hook. Rather than update fuel taxes and registration fees for 20 years of inflation, this measure would draw money from the general fund - which is supposed to support public schools, higher education and public safety.

That all but guarantees even less support for public schools in the long run.

Add it up: Three quarters of you who may also depend on public schools lose so that the top 25 percent can gain.

Who would propose such a idea?

Only a group of Idaho lawmakers who long ago concluded most of you are incapable of doing math - or holding any of them accountable. - M.T.