

Where's the prosperity tax cutters promised?

Marty Trillhaase/Lewiston Tribune

For years, Republicans have been assuring the rest of us that Idaho's tax rates are so high that it's crippling our economy. Just lower the rates, they say, and the economy will prosper.

House Majority Leader Mike Moyle, R-Star, repeated the mantra Tuesday. In defense of his radical plan to raise taxes on the poor and middle class while lowering them on the rich, Moyle said: "Idaho is not very competitive when you look at our surrounding states. ... I want to assure you: This plan is good for Idaho."

Where's his proof?

It's not with the State Tax Commission. Every year, analysts pore over Idaho's myriad taxes to determine the state's tax burden. The most recent report shows Idahoans in 49th place among the 50 states and the District of Columbia. It's also lowest among the 11 Western states. Idahoans pay about 31.2 percent fewer taxes than the national average.

If being in the nation's basement of tax burden isn't competitive enough, what is?

Moyle won't find it with his own legislative Office of Performance Evaluations. Two years ago, it issued a warning about comparing tax rates among the states.

It's complicated. Some states such as Nevada, Washington and Wyoming have no income tax. Others such as Montana and Oregon have no sales tax. Only Utah shares Idaho's balanced, three-legged stool of property, sales and income taxes.

And the rates are deceiving. Examining Idaho's corporate tax rates, you'd conclude the state's businesses are overcharged - until you factor in all the exemptions and loopholes. So when someone offers you tax rate comparisons to support a new break for businesses, consider his motivation. He is probably using stilted information.

"None of the studies tells the complete story," OPE said.

Plus, OPE says, you can cut taxes so low you undermine some of the services that make the state look attractive to new businesses.

For the sake of argument, say you're a young professional being recruited from out of state. You have a couple of children in junior high. Are you willing to gamble their futures on a state that recruits teachers willing to take the 49th lowest salaries in the union? Where nearly a third of the school systems are so hard up for cash that they operate four days a week?

If you're a business owner, are you willing to gamble on finding a skilled workforce in a state where one in 10 high school graduates complete college? Or a state where leaders seem

incapable of investing in highway maintenance, to say nothing of expanding the infrastructure to respond to new ventures such as yours?

Nor will Moyle find his proof in Idaho's economic record. The GOP has been slashing away at Idaho's tax system for nearly two decades. Income tax rates haven't been this low since the Great Depression. More transactions now are exempt from sales taxes than are actually taxed. Businesses have raked in tax cuts for investments, for property tax relief and job creation.

Remember that promised economic revival? What happened to it?

At the turn of the century, Idaho's per capita income was about 15 percent behind the national average. Now the gap has widened to 20 percent.

Fifteen years ago, Idahoans earned more than people in about a dozen states. Now they lead only four - Alabama, Mississippi, South Carolina and West Virginia. And once you factor in the cost of living, only Utah trails Idaho.

Finally, Moyle is not going to find the public clamoring for his idea. Earlier this year, Utah pollster Dan Jones and Associates asked Idahoans about Gov. C.L. (Butch) Otter's plan to lower state income tax rates from 7.4 to 6.9 percent.

Fifty-four percent said no.

Only 30 percent liked the idea.

Could it be Idahoans have figured out you can't cut your way to prosperity?

It's about time. - M.T.