

Tax cutters can't wait to raid Idaho's surplus

Marty Trillhaase/Lewiston Tribune

The ink isn't dry on Idaho's \$108 million surplus and already you can hear a familiar chant:

Time for a tax cut.

"I think it provides an opportunity for us to look at cutting taxes," House Assistant Majority Leader Brent Crane, R-Nampa, told "Idaho Reports" host Melissa Davlin. "It's the taxpayers' money. We've got too much of it. We need to return it back to them."

Idaho does not have too much of the taxpayers' money. What it has is too many sloganeering politicians.

For starters, this is not your grandfather's surplus. When Idaho's economy took off in the 1980s, it expanded state tax revenues in the neighborhood of 10 or 15 percent.

Here you're talking a rounding error in a \$3 billion budget. Sure the economy helped, but it fits within the margin of error for economic and revenue forecasting.

And some of it simply reflects unmet needs within the scope of public schools, higher education, health and general government programs supported by the general fund.

Rather than replacing money those programs lost during the Great Recession-era budget cuts, lawmakers and Gov. C.L. "Butch" Otter decided to park half of the surplus in savings accounts and devote the rest to transportation projects.

All of which leaves:

- Public schools - Although education got a 7.4 percent increase, that's still about \$60 million short of the amount required to cover inflation and enrollment growth that occurred since the Great Recession.
- Higher education - Even with a \$7.5 million increase, the state's four-year institutions of higher learning still have \$26.4 million to go before they catch up with the pre-recession budget approved seven years ago. Had lawmakers allocated just \$5.2 million of this surplus toward these schools, students might have avoided paying 3.5 percent more tuition at the University of Idaho or a 1.7 percent increase at Lewis-Clark State College.
- State workers - Sure, they got a 3 percent cost of living increase. So did everyone else. So state workers gained little ground. They're still 19.8 percent behind their peers elsewhere in government or in the private sector. In other words, public employees are subsidizing government to the tune of \$95 million.
- Buildings - Idaho could spend every dime of this surplus and barely make a dent in the \$500 million backlog of maintenance needs.

Then there's Otter's \$214 million school reform package.

Lawmakers front-loaded the credit for passing it - and backloaded the costs over the next five years. This next year's installment is \$39 million. The year after next, Idaho will need another \$53 million. In 2019, the price expands by \$47 million more. And in 2020, the final installment comes to \$41 million.

Even at that, the career ladder program intended to improve teacher pay isn't enough to bring Idaho salaries in line with those in neighboring states.

Pass a tax cut now and you all but guarantee kicking the legs out from under this modest pledge to shore up school funding.

Follow Crane's lead now and you lock recessionary budget cuts into place.

Don't fall for the idea that tax cuts will jolt Idaho's economy into a higher gear and produce even more tax revenues. Between an expanded grocery sales tax credit, trimmed income tax rates, tax goodies for businesses and a cut in the property tax meant to prop up schools, Republican governors and lawmakers have been cutting taxes for almost two decades.

By one count, they have trimmed 20 percent from the share of Idaho's personal income traditionally devoted to public schools - an amount equal to more than \$500 million a year.

If that were a path toward prosperity, Idahoans would be swimming in it by now.

But as the Legislature's own Office of Performance Evaluations pointed out two years ago, the path toward an economic tailspin is to impose a starvation diet on education and other programs that actually would make Idaho attractive to business and industry.

If Crane wants to nip the economic recovery in the bud, he's got the right

idea. - M.T.