

Is Idaho's tax burden too balanced for GOP?

Marty Trillhaase/Lewiston Tribune

At this point, you've got to wonder why anyone would still harp about cutting taxes in Idaho.

For one thing, the state is hardly overtaxed. Whenever the State Tax Commission looks at tax burdens, it finds Idaho's near the bottom. By one recent measure, the state is ranked 49th out of the 50 states and the District of Columbia. South Carolina comes in at 50th. Alabama is 51st.

Idaho is lowest among the 11 Western states.

And for another, Idaho does a pretty good job of distributing its tax burden fairly among rich and poor alike. As reported by the personal finance website WalletHub.com, the Institute on Taxation and Economic Policy ranks Idaho fifth best in the country - behind No. 1 Montana and No. 2 Oregon but ahead of Utah (seventh), Nevada (12th), Wyoming (28th) and Washington (50th).

For instance, the poorest 20 percent of Idahoans pay 8.5 percent of their incomes in state and local taxes. The richest 11 percent of Idahoans pay 6.5 percent of their incomes in state and local taxes.

Contrast that with Washington, which has no income tax and relies on sales taxes. Washington's poorest fifth pay 17 percent in taxes. But the richest 1 percent pays 2.4 percent.

Credit Idaho's so-called three-legged stool. It balances out regressive property and sales taxes, which fall more harshly on low- and moderate-income families, with a progressive income tax, which collects more from people making higher incomes.

Idaho goes one better by keeping its property taxes lower than those in 30 states. Its sales tax is right in the middle. But the state's income taxes are in the top third.

That's how most people define tax fairness. WalletHub's survey of more than 1,000 people found support for a progressive system among both the left and the right - although they differed slightly in the details. Liberals wanted the wealthy taxed more heavily than did conservatives.

That's not to say Idaho lacks room for improvement. A more equitable system would provide circuit-breaker property tax relief for all low-income families, not simply seniors. It would include a tax credit to low-income parents.

Instead, Idaho is moving in the other direction - expanding the tax bite at the bottom and reducing at the top.

GOP lawmakers dropped top income tax rates from 8.3 percent to 7.4 percent - the lowest it's been since the Great Depression. Declining state support for schools has triggered a wave of

supplemental property taxes that fall heavily upon Idaho's poorest communities. And they've eliminated much of a personal property tax businesses pay on equipment.

Still, they persist.

Gov. C.L. "Butch" Otter opened the 2015 Idaho Legislature calling for a rate cut down to 6.9 percent.

His allies in the Idaho Association of Commerce and Industry continue to press for fully repealing the personal property tax now paid by the state's largest corporations.

And House Majority Leader Mike Moyle, R-Star, proposed the most regressive plan of all - a flat 6.7 percent income tax and a sales tax plan that would reward well-off families by taking the tax off groceries while removing the credit that benefits people on the lower rungs of the economic ladder.

Why would Otter, Moyle and others take the side of Idaho's rich and politically well-connected over the interests of ordinary Idahoans who lack means and political clout?

The question sort of answers itself, doesn't it?