

On his way out, economic guru speaks his mind

Marty Trillhaase/Lewiston Tribune

Nearly four years ago, newly hired Idaho Commerce Director Jeff Sayer sang a trickle-down economics tune for a group of legislators contemplating cutting taxes.

"This legislation would let us step forward and announce to the world that Idaho is not only financially solvent and fiscally sound, but that we just reduced our tax rates. In all the noise we face trying to put our story forward, trying to make ourselves competitive, this is one of the strongest statements we could make."

Tuesday, Sayer walked into the first public session of a legislative tax working group that had previously kept its deliberations private and delivered a much different mantra.

"We do need lower taxes some day, and not today," Sayer said. "The return for the state is not in lowering taxes. it's in investing in talent."

Why Sayer's conversion?

First, Sayer has been talking to the businesses of Idaho's future - the firms he's trying to recruit or those who want to expand the operations they already have in this state.

For years, they've hammered home an old message: However attractive tax rates are, they're less important to any enterprise's success than a skilled work force, proximity to markets, sound infrastructure and a solid education system.

Cut taxes too deeply and you undermine the very things businesses prize.

"Businesses rely on tax-funded government services such as infrastructure development, education and workforce training," the Legislature's Office of Performance Evaluations wrote two years ago. "Tax policy changes that affect Idaho's ability to fund such programs might improve Idaho's competitiveness in the short term by reducing business tax burdens, but decrease Idaho's competitiveness in the long term by eroding the quality of nontax factors."

With the nation's 41st lowest tax burden and the lowest tax bite in the West, Idaho now spends less per capita on state and local programs - primarily education - than any other state in the country.

All of which is feeding a low-wage economy. Idaho's per capita income ranks 50th out of the 50 states and the District of Columbia. Only Mississippi comes in lower.

Lack of opportunity for high-wage jobs is not the problem. Sayer says the state will need to fill 95,000 jobs in the next decade.

Idaho's unskilled work force can not keep up with the automation in the technical trades, in food processing, timber, aerospace and manufacturing. The Gem State's faltering rate of high school graduates who fail to "go on" to continue their education is exacerbating the problem.

Under these circumstances, the worst thing Idaho could do is cut revenues more - and deprive the struggling public school and higher education budgets of what resources they now have.

"We're going to draw people to our state if we can produce high-paying jobs," Sayer said. "Is the tax rate a factor? Maybe. But it's not near the factor as demonstrating to people that we're investing in our education system, that we're investing in infrastructure, that we're providing high-speed broadband in rural communities. Those are the kinds of things that are attracting people to our state, not a tax rate."

Of course, something else has changed. Friday, Sayer announced his departure, effective at the end of the year. So he's obviously free to speak his mind.

But does he speak for Gov. C.L. "Butch" Otter?

Nobody does tax cuts and trickle-down economics better than Idaho's millionaire chief executive, who has championed the corporate voice of Idaho's past - the Idaho Association of Commerce and Industry.

Nevertheless, Otter sang Sayer's praises, calling him a "champion of collaborative economic development efforts that benefit all of Idaho. His innovations and improvements at Commerce - as well as the relationships he's built with business leaders, legislators, chambers of commerce and economic development groups throughout the state - has given new meaning to 'connecting the dots' and bringing more and better career opportunities to Idaho."

How could any governor say that - let alone allow his commerce chief to stay on the job until the end of the year - if he were not comfortable with Sayer's message?

With or without the governor's backing, however, Sayer has turned the tables at the Statehouse. Anyone floating a tax cut next year better explain why helping a few on the top rung is worth damaging the whole economic ladder. - M.T.