

Slim hope of sales tax reform better than none

Marty Trillhaase/Lewiston Tribune

The Idaho League of Women Voters is wasting its time with an initiative campaign to reform the sales tax and turn more money loose for public schools.

So says the smart money.

You can see why.

The proposal takes about 20 pages to explain how it would lower the overall rate from 6 to 5 percent, eliminate 22 sales tax exemptions, expand the tax to a dozen services and in the process generate about \$424 million more each year for education.

As a rule of thumb, the longer and more complex an idea, the more likely people will run away from it.

Getting on the ballot won't be easy, either.

By April 30, the LWV must round up 47,623 valid signatures. To account for unqualified individuals signing petitions, they may need closer to 60,000.

To top it off, lawmakers have put more obstacles in their path. Rather than soak up signatures in a handful of population centers, the league members must also follow a new state law mandating they get 6 percent of the voters registered in each of 18 legislative districts.

Today's typical initiative campaign jumps over those hurdles by hiring professionals to collect signatures at \$2 or \$3 each.

But the league does not have \$180,000. So its members are gambling that they can revert to an earlier era when a grassroots campaign could qualify an initiative. They figure people really mean it when they demand more money for schools and less crony capitalism.

If that passion exists, teachers, grandparents and parents will respond to the LWV's appeal to pass around the sales tax initiative petition.

Even if it gets on the ballot, the LWV initiative will be outmatched for support during the fall campaign. Most of those sales tax exemptions have a corporate backer. Every one of those corporate backers has a checkbook that will pay for television ads scaring voters into believing the sales tax changes will cost them money and pinch the economy.

But ask yourself this: When do you expect to get a better deal?

Idaho's one-party state has delivered a GOP-dominated government that would rather cut taxes than support schools. Since the turn of the century, the share of Idaho's personal income devoted

to public education has dropped roughly 25 percent - or the equivalent of more than \$500 million a year. Even with a robust budget increase this year, schools have yet to reverse the losses caused by recessionary budget cuts, rising costs and growing enrollments.

Idaho's per pupil expenditures are last in the nation or next to it.

If you want to see how that happened, look no further than Idaho's sales tax. When it was enacted in 1965, the sales tax was set at 3 percent. The list of exemptions was targeted at a narrow range of manufacturing while most retail transactions were taxed.

As the economy shifted toward services and online site sales, the tax base shriveled and its rate rose to 6 percent. Meanwhile, every lobbyist worth his paycheck went into the state Capitol and arranged for his employers to get an exemption.

For example, interstate trucks now save \$8.6 million.

Research and development escapes \$7.2 million.

The Idaho National Laboratory does not pay \$6.2 million.

Of course, broadening the base means someone will pay more. If you hire an attorney or an accountant, you'll be charged a new tax. Your haircut will cost 5 percent more, too.

Keeping the tax on groceries and maintaining the \$100 per person grocery tax credit is good news for low-income Idahoans; bad news for those at the top of the economic ladder.

And exemptions will remain in place for health care services and utility bills.

As imperfect as that may sound, you can expect no action from lawmakers.

Every time the Legislature even works up enough nerve to look at the exemptions, some politically wired lobbyist walks into the conference room, expresses his grave misgivings and the whole idea gets shelved.

Want to see a lower, broader sales tax?

Tired of the corporate cronyism that permeates state government?

Want to restore at least some of the money public schools have lost in the past 15 years?

Then you better hope this time the smart money is wrong.