

Artificial surplus delivers mediocre tax break

Marty Trillhaase/Lewiston Tribune

Since Idaho House Majority Leader Mike Moyle, R-Star, does not have a real budget surplus to work with, he cannot deliver a real tax cut.

The state may be \$130 million ahead at the moment. But that money would be gone in a flash if Moyle and his colleagues went to work addressing all of Idaho's needs.

For instance, there's still another \$153 million due on the five-year public school reform package Gov. C.L. "Butch" Otter has embraced. Even so, public schools are about 1 percent ahead of inflation.

Who knows how much more colleges and universities will require when Otter's higher education task force submits its recommendations next fall? But the state has been so stingy with its dollars that the institutions of higher learning have resorted to tuition increases that have priced the cost of a college degree beyond the reach of some Idaho families.

Setting aside when or if Idaho will ever tend to the needs of 78,000

working-poor adults who can't afford even subsidized health care insurance, where will the state find the estimated \$20 million needed to pay medical bills incurred by another 87,000 people who would lose their coverage if Obamacare is repealed?

There's a public defender system that doesn't meet constitutional standards, a series of rainy day accounts that have yet to be fully replenished, public employees who earn less than their colleagues and the likelihood of another dip in the business cycle on the horizon.

To say nothing of Idaho's transportation system's plight. Two years ago, lawmakers didn't come close to meeting its maintenance backlog with a marginal fuel tax and registration fee increase. So if there is going to be any extra money for roads and bridges, it more likely than not will come from a general fund meant to pay for education, health care and general government programs.

In other words, the state has an artificial surplus lawmakers created when they failed to fill in the budget holes they left behind during the last recession. You could even call it an off-the-books budget deficit. What you can't call it is a robust wad of cash.

Even Moyle - who never met a tax cut he didn't like - has to be somewhat circumspect here. About all he can squeeze out is a nominal cut in the individual and corporate income tax rate worth between \$51.2 million and \$56 million.

That kind of money could go a long way, for instance, in shoring up the colleges and universities. But spread it out among Idaho's taxpayers and they'd barely notice the difference.

The Idaho Falls Post Register's Bryan Clark calculated someone with a taxable income of \$10,000 would see his take-home pay increase by \$1 every two weeks. But even a millionaire would be no further ahead than \$77 each paycheck.

Sliced and diced by the Idaho Center for Fiscal Policy, Moyle's tax break works out to an average \$4 a year for people earning less than \$20,000 - and about \$1,562 a year for those with incomes of more than \$418,000, which qualifies them for membership in the 1 percent club.

Obviously, consumers are not going to rush out and spend this pocket change. So much for stimulating the economy.

Moyle will argue lowering the rates will work some economic magic by making the state tax system more competitive. But that ignores his own State Tax Commission finding that the state has the 48th lowest tax burden - and the lowest among the Western states.

Besides, anyone trying to turn around the state's low-skill, low-wage economy will tell you what ails Idaho is not high taxes - it's a dearth of skilled workers.

No wonder Idahoans told the most recent Boise State University public policy survey - as well as a 2015 poll commissioned by the Associated Taxpayers of Idaho - that they'd prefer the Legislature to allocate money to education rather than tax cuts.

None of which matters to Moyle. Whatever he's up to, this is not about growing the economy or even helping the ordinary taxpayer.

Could it be he's just in a rut? - M.T.