

In the race to the bottom, Idaho is winning

Marty Trillhaase/Lewiston Tribune

If there's a bottom, Idaho either has found it or is about to.

Take the amount of dollars Idaho puts behind each of its students. Idaho's score never has been great, but a decade ago it ranked 46th out of 50 states and the District of Columbia - ahead of Arizona, Arkansas, Mississippi, Tennessee and Utah.

Now it's just Utah sparing Idaho from last place.

Then there's tax burden.

A decade ago, Idaho had the 39th lowest tax burden in the country. But after former Gov. Jim Risch and current Gov. C.L. (Butch) Otter finished undercutting property tax support for public schools, expanding the grocery sales tax credit, removing the personal property tax farmers paid on equipment and other cuts worth about \$350 million, Idaho's tax burden is ranked 49th lowest in the country. In his latest report, Idaho State Tax Commission analyst Alan Dornfest says:

- Idaho's property tax burden is 39.3 percent below the national average.
- The sales tax burden is 22.5 percent below the national average.
- Income taxes come in 19.3 percent below the national benchmark.
- Corporate income taxes are 31 percent below the national average.
- And the overall tax burden is 30.7 percent lower in Idaho than the nation as a whole.

You'd have to leave the 11 western states before you'd find people paying taxes any lower.

That's slightly better than it's been - when ailing corporate profits sent business income taxes falling and Idaho's tax burden came in dead last.

But Dornfest's latest study was completed before Otter and the GOP passed a \$36 million income tax cut for heavy rollers and a \$20 million reduction in personal property taxes businesses pay.

See the connection, yet?

Liquidated tax burden.

Less money for schools.

But as the conservative theory of governing goes, the more you cut taxes, the more wealth you create.

It hasn't happened so far.

Before Risch and Otter got busy, Idahoans' per capita incomes stood at 84 percent of the national average and ahead of nine states - Alabama, Arkansas, Kentucky, Mississippi, Montana, New Mexico, South Carolina, Utah and West Virginia.

Since then, all but one state have eclipsed Idaho, whose per capita earnings have fallen to 78.8 percent of the national average. And the one state still behind Idaho - Mississippi - is gaining on the Gem State.

Maybe you can't blame Idaho's sad state of affairs entirely on the Risch-Otter tax cuts. But they certainly haven't helped.

Plus, Risch and Otter completely reversed the pattern of their predecessors.

The last time Idaho's economy was close to this bad was in the 1980s. Only three states - Arkansas, Mississippi and West Virginia - had lower per capita incomes.

To avoid cutting school funding, then-Gov. John Evans, a Democrat, and Republican lawmakers raised sales taxes by \$400 million, individual income taxes by \$60 million and corporate rates by \$36 million.

Now according to the theory prevailing in Idaho's Capitol, the economy should have crashed.

Instead it soared. By the next decade, Idaho's per capita earnings were higher than 11 other states.

To recap, when Idaho leaders raised taxes and invested in education, the economy improved.

When they cut taxes and liquidated school budgets, the economy sputtered.

Whatever else you want to say, that's not how things were supposed to work

out.- M.T.