

Idaho's tax hawk isn't sugar-coating Moyle's bill

Marty Trillhaase/Lewiston Tribune

To hear Idaho Freedom Foundation President Wayne Hoffman tell it, House Republican Leader Mike Moyle's \$27.8 million tax cut is the stuff of cotton candy.

Once the spun sugar melts in your mouth, you're left with a sweet aftertaste and a paper cone.

Hoffman says the Moyle bill to lower the top income tax brackets and boost a sales tax grocery tax credit is "pretty difficult to get excited about. ..."

It "lacks ambition and ultimately does little to resolve Idaho's confiscatory taxation scheme. ..."

The bill "would be better than nothing, but not by much. ..."

Idaho's tax hawk just let the cat out of the bag.

Of course, he'll take Moyle's bill - which cleared the Idaho House Wednesday - as a last resort. But Hoffman freely admits Moyle's plan is not much more than a political confection in an election year.

Thanks to the Idaho Center for Fiscal Policy, it's already clear Moyle's bill won't make much difference to low-income and middle-class taxpayers.

The four-fifths of Idahoans who live in households with incomes below \$99,000 will split about 41 percent of the savings. That leaves the top 20 percent to enjoy the rest.

So somebody with taxable income of \$22,000 will save \$7. To the employee with a taxable income of \$30,000, Moyle's plan means an extra \$18. And to the wage earner with a taxable income of \$51,000, the Republican leader would hand over \$23 more.

People at the low end of the income scale pay a higher proportion of their earnings in taxes - but Idaho's system is better than most. The tax burden gap between rich and poor is comparatively smaller in the Gem State.

Which tells you that Moyle's plan isn't exactly enriching those at the top, either.

Take the middle-management executive making a taxable income of \$126,000. If Moyle has his way, she'll keep an extra \$63.

Or the corporate vice president pulling down a taxable income of \$1.2 million. He saves \$815. That may sound generous until you consider it's still about a half of a percent off his tax bill.

What about the CEO who reported earning more than \$5 million? The \$4,600 Moyle's bill saves him is chump change compared to the six-figure income tax bill he owes.

Certainly, that's more money than he'd find in his sofa - but in the scheme of things, that's about what it's worth to him. Certainly no millionaire is going to relocate to Idaho - or expand a company here - to save \$4,000.

On the other hand, \$27.8 million is a big pot of money in a state budget that is still digging out of the debris left behind by the Great Recession.

Factor in inflation and enrollment growth and public schools have yet to catch up. In marginal dollars, colleges and universities are still behind where they were nearly a decade ago.

The amount Moyle would dribble away is enough to provide:

- About half the amount needed to fund the second installment of the career ladder that will make Idaho teaching salaries more competitive.
- More than enough to cover the cost of Idaho's catastrophic health care program. CAT is asking for \$22 million to pay the medical bills for indigents. Counties pay the first \$11,000 of each claim; CAT is responsible for the rest.
- At least twice the amount Gov. C.L. "Butch" Otter is asking to expand the meager college scholarship program Idaho offers new and continuing students.
- The entire budget increase the governor is seeking for Idaho's four-year institutions of higher learning.

Idaho did not get into this mess because it overspent in lush times.

It got into this mess because the politicians cut taxes more deeply than the state could afford.

Whether it was the ill-advised income tax cuts on the eve of the 2001 recession or former Gov. and now U.S. Sen. Jim Risch's maneuver to eliminate local school moorings to stable property tax levies two years before the crash, the pattern was the same.

When hard times came, nobody even considered repealing the tax earmarks - and instead lawmakers unsheathed their budget knives.

If Moyle has his way, it will happen again. - M.T.