

When Santa came to Boise, he forgot the toys

Marty Trillhaase/Lewiston Tribune Instead of going along with House Republicans' bid to cut the income taxes paid by Idaho's corporations and wealthiest families, a coalition of Senate Republicans and Democrats last week "radiator-capped" the measure into a plan to lift Idaho's 6 percent sales tax from food purchases.

So Santa Claus has come to Boise.

Unfortunately, Santa's toy bag is filled with air.

First consider the costs.

According to some estimates, taking the sales tax off food and then rescinding the \$100 per person income tax credit would cost the state a net \$53 million.

Add to that the projected \$29 million it would cost the state to backfill local governments' share of the loss.

Where is that \$80 million going to come from?

Not from any surplus.

As the Tribune's William L. Spence reported Sunday, the state is spending more in 2018 than it is collecting in taxes.

By one analysis, the cost of maintaining state programs increases about \$190 million a year; tax revenues are going up about \$165 million a year.

So Idaho would once again swallow an unaffordable tax cut - and then balance the books with budget cuts down the road when the economy falters.

Keep in mind, lawmakers still have two years to go before they complete Gov. C.L. "Butch" Otter's five-year public education reform package.

Higher education would be in a deeper hole than it already is were it not for the steady rise in tuition - which is driving the price of college beyond the reach of modest Idaho incomes.

Repeal Obamacare and you can expect Idaho's health care costs - especially in the realm of indigent services - to escalate.

Hence Otter's call for restraint.

"People buy groceries in good times and bad, so the tax provides a steady source of revenue for the essential services of state government," Otter wrote Senate leadership last week. "As revenue fluctuates from less-stable sources, it could be more difficult to fund our commitments."

Even worse, this plan hurts the very people it purports to help. Every one in Idaho gets that grocery tax credit - regardless of how much money he earns.

Moreover, people at the lower end of the income scale don't purchase higher-end groceries. So they get back more in the tax credit than they'd save from a straight-out sales-tax exemption.

Says the Idaho Center for Fiscal Policy: People who earn less than \$19,000 - roughly 1 of every 5 Idahoans - would lose an average \$16 a year on the deal.

The middle class gains slightly, but the bulk of the tax savings would go to people who can afford the most expensive food. For instance, people earning more than \$350,000 a year would save \$234.

For nonresidents - tourists, people with second homes in the state as well as those who travel here for business - lifting the sales tax from groceries is a windfall. Today, they pay the tax and do not receive an income tax credit.

That's letting details get in the way of what is an otherwise fine sentiment. But none of this does much good if you can't answer a simple question:

Who is going to pay for it? - M.T.