

Chairman Collins and members of the committee

My name is Donna Yule and I am the Executive Director of the Idaho Public Employees Association.

I was in this room earlier this week when Representative Moyle introduced HB 311. At that time he took some good-natured ribbing because he is a Republican asking for a tax increase. I just want to go on record as saying that I thought that was unfortunate, because what we really need in this body are people from both parties who understand that we must find a way to increase revenue in Idaho, and sometimes that means we need to raise taxes.

But, unfortunately, we cannot support HB 311. In fact, the only part of this bill that we could possibly support is the small increase of the gasoline tax. But this small increase is like swatting flies compared to the significant needs we have for funds to maintain and repair our transportation infrastructure. We need to do something much bigger and bolder for transportation, like including registration fees in the equation.

The sales tax on groceries and the grocery tax credit swap is simply a red herring. There will be significant revenue loss to the state if that exchange is made. When asked how much that loss to revenue would be, Representative Moyle said it depends on “who you want to believe”. Well, I choose to believe groups like Idaho Center for Fiscal Policy who show a \$50 million dollar hit to the General Fund as a result of this tax shift. I choose to believe a nonpartisan group that has no partisan or political agenda.

And finally, the “flattening” of the income tax is just another tax cut for wealthy people. It benefits only our well-off citizens at the expense of the middle-class. This is a plain and simple tax shift. If you approve this tax shift, you will simply be shifting the tax burden from the wealthy and squarely onto the shoulders of the middle class. Every public poll in Idaho and across the country demonstrates that a majority of the people think that

wealthy and rich people should pay their fair share for the services provided by government, including schools and transportation infrastructure.

Idaho has been in a downward spiral for years now, and we no longer have a recession to blame for our problems. If cutting taxes for the wealthy was going to lead to great prosperity, it would have done so by now. Idaho has been cutting taxes on the wealthy for many years, and we are still at the bottom of almost every economic indicator you can find.

Idaho needs to raise more revenue. Not only that, but we need to raise significantly more revenue in the coming years. These “shell games” that some of our legislators are playing simply move revenue around from one category to another or from one taxpayer to another. So far no one has come forward with a serious solution to the very real problem we have in Idaho, which is that we need to raise more revenue.

This bill raises only a drop in the bucket for our infrastructure needs. It cuts into the general fund revenue drastically with the sales tax on food/food tax credit exchange. It fails to raise more revenue by shifting the burden of income taxes from the wealthy to the middle class.

The citizens of the state are depending on you as state legislators, to come up with a serious solution to our funding shortfall, and HB 311 certainly isn't serious.

I urge you to vote no on HB 311.