

Hello, Chairman Collins, Chairman Siddoway and members of the tax working group;

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

I am here today to speak in opposition to the first draft legislation changing the Idaho income tax brackets.

Several of you know that IPEA has been concerned about what we perceive to be the “starving” of state government by lowering the top individual income tax rate and the rate on taxation of corporate income. In fact, even Governor Otter recently warned against using tax cuts to starve government.

There has been a pattern of cutting taxes over the last several years in Idaho, and this new draft bill continues that trend. Granted, it makes a very small change by dropping the rate for the top bracket from seven and four tenths to seven and three tenths percent. In fact, some will argue, this means it will “only” cut \$20.7 million dollars from our General Fund. I would argue, though, that a cut of \$20.7 million dollars from our General Fund will have major consequences for our state government.

The Governor said he wants to adopt his task force’s recommendations for education in 2016. But can you do that if you shrink revenue to the General Fund by \$20.7 million? There are many crucial programs in Idaho that depend on money from the General Fund. Which programs will you cut? Idaho’s state workforce is drastically behind in pay as compared to the private sector and the public sectors of the surrounding states. \$20.7 million could cover raises for a lot of state employees.

This committee listened to Commerce Director Jeff Sayer strongly recommend against further tax cuts if we want to escape Idaho’s low-wage, unskilled job economic tailspin. He recommended investing in job training. Where will that money come from if you cut another \$20.7 million out of the General Fund?

Many of you on this committee attended the Associated Taxpayers of Idaho’s conference recently. You heard pollster Joe Goode say that 58% of Idahoans believe large businesses and corporations are paying too little and 53 % believe wealthy families are not paying their fair share. They understand that the legislature has been shifting the tax burden from the rich to middle and lower income families. And they’re not happy about it.

I hope you will listen to the majority of Idahoans and reject this proposed legislation to cut taxes yet again.