

Idaho State Report November 4, 2010

2010 Election Results – The GOP Tide Rises with Tea Party Power

Hard to believe this red state could get any redder, but the post election post mortem in Idaho shows just that. GOP swept all statewide offices by historic margins, and Governor Otter “trounced” his “independent” democrat opponent, Keith Allred. The legislature became more conservative, gaining 5 House seats. Although the Senate numbers were unchanged, the GOP caucus shifted to the right with a handful of new members who unseated moderates in the Primary. Of 105 legislators, now only 20 are democrats. Idaho’s Blue Dog Congressman Walt Minnick was upset by a Tea Party favorite and two-term legislator, Raul Labrador, who survived two come-from-behind elections to ride the national wave that rolled across Idaho.

Idaho voters turned out in big numbers, estimated at 62%, to reward the Republicans, and, presumably, to reinforce the message that the state should live within it’s means in lean times and balance the budget by cutting expenses rather than raising revenues.

2010 Campaign and Elections / Why it Matters to Be at the Table, Not on the Menu

IPM&CSA has been able to play a significant role in the 2010 elections with fund raisers and campaign contributions thanks to the very active participation of our members and those they do business with. As in 2006 and 2008, in 2010 IPM&CSA has ramped up our fundraising, and in turn, our support of candidates who understand our issues. Political ideas often brew for years, even decades, and the time and effort we invest early on lays the groundwork to impact the political process when it matters – like being able to derail sales tax on fuel before the Governor’s Transportation Task Force (see story below)

Thanks to all IPM&CSA members and supporters for their participation in these events:

- June 23, 2010 – Blue Lakes Country Club PAC Golf hosted by Jim Lynch and Rob Franklin, Twin Falls, Idaho
- July 27, 2010 – Lt. Governor Brad Little reception & dinner hosted by Dennis and Carla Campo, Fruitland, Idaho
- July 30, 2010 – Avondale PAC Golf hosted by Bonnie Grande, Hayden Lake, Idaho
- September 1, 2010 – Falcon Crest PAC Golf hosted by Dennis Baird, Kuna, Idaho
- September 13, 2010 – Huntsman Springs PAC Golf hosted by Ron, Michelle & Matt & Amie Berry, Driggs, Idaho

Governor’s Transportation Task Force: Sales Tax on Fuel NOT on the Menu (for now)

There is an old political saying: *“If you are not at the table, you are on the menu.”* True enough as it applies to the ongoing discussions of the Governor’s Transportation Task Force, headed up by Lt. Governor Brad Little. Listed prominently in the matrix of ideas to raise more money for Idaho’s roads and bridges are a number of options related to fuel tax – sales tax on fuel, raising the per gallon fuel tax, indexing fuel taxes to inflation. The task force is expected to make recommendations to the 2011 legislature, but thanks to our work behind the scenes and in testimony before the committee, sales tax on fuel will likely not be among them.

Sales Tax on Fuel Dropped -- Transfer Fee and Fuel Tax Considered. The task force met on October 8 and a prominent part of the discussion included sales tax on fuel, per gallon fuel tax and the transfer fee. Testimony from Dan John of the Idaho Tax Commission and Suzanne Budge, executive director IPM&CSA, laid out the numerous complications in the administration, collection, reporting and remitting a sales tax on fuel at either retail or wholesale level. Following two hours of testimony and committee

discussion, the task force agreed to take sales tax on fuel off the table. Focus now shifts to raising the transfer fee, and/or raising fuel tax. These revenue-raising vehicles are already in place, simpler to collect and administer, and more transparent to consumers.

Dyed Diesel Enforcement Elevated. For years a simmering issue, the Idaho Tax Commission trends of dyed diesel use has finally gone public, at least within the task force. In recent years, these trends clearly show increasing use of dyed diesel while clear diesel use declines. Task force members discussed enhanced enforcement and eliminating dyed diesel altogether as possible ways to address what appears to be broad misuse of dyed diesel in Idaho.

Stay tuned for task force recommendations and be prepared to chat with your local legislator on these issues as we approach the 2011 legislative session.

Economic Outlook for Idaho State Budget: Have we Hit Bottom Yet?

That is the \$64,000 question. But for budget writers, it is more likely a \$300 million question. With Idaho's unemployment rate at 9%, and state revenue streams still down, rumblings are that the state may have \$300-340 million shortfall. Federal stimulus money is gone and piggy banks have already been drained. The Idaho economy does not appear to have turned around – but has it hit bottom? Following two years of budget cutbacks of state agencies across the board, in 2010 education took the first cut ever. For the 2011 session, legislators are more likely to look at the need to raise revenues or raiding existing funds, now hidden away in state agencies (like the PSTF).

2011 Legislative Outlook Is it Time for New Taxes?

We can expect to see lots of ideas for new and increased taxes in the upcoming session. Here are a few possibilities:

- Tobacco tax increases proposed by health advocates -- \$1 per pack on cigarettes and increased taxes on other tobacco products.
- Transportation funding – recommendations from Governor's Task Force on the way – registration fees (particularly on heavier trucks), fuel tax, transfer fee, indexing fuel taxes, tax at the rack, dyed diesel enforcement
- Beer and Wine tax increases – proposals are in the works according to the rumor mill
- Sales Tax -- extending taxes to labor and services, examining/revoking exemptions, raising the existing tax.
- Look for lots of creative ideas to raise taxes and fees

WPMA / Idaho Website: See yourself in color on our latest photos

Check out the Idaho section of the WPMA Website to see photos from 2010 and past year's IPM&CSA events including conventions, shooting and golf events.

Mark Your Calendar: August 3-5, 2011 Sun Valley Resort, Sun Valley, Idaho

In 2011 IPM&CSA returns to the Sun Valley Resort, one of our favorite venues. From fine dining and boutique shopping to hiking, biking and fishing, there is something for everyone in Sun Valley! Hold these dates -- you'll want to stay awhile with friends and family!

www.sunvalley.com