

The 2008 Legislative Session

by Senator Brent Hill



www.senatorhill.com

The legislative session promised to be unique from the beginning, but few of us expected the surprises we experienced this year. Working out of the old Ada County courthouse while the capitol building is being renovated, the legislature was determined to make this the year for taxpayers. We passed tax cuts for every family in Idaho by increasing the grocery tax credit. We then attacked what many consider the most unfair tax in Idaho: the personal property tax. All this while still boosting funds for public education by 3.7% to \$1.419 billion and increasing monies for universities and community colleges by more than 9%.

Grocery Tax Credit Increased Fivefold

Ever since the sales tax was adopted in 1965, Idaho has had a policy of reimbursing its citizens for a portion of the sales tax they pay on groceries. This reimbursement has come in the form of a “Grocery Tax Credit” claimed on the annual income tax return. The credit is currently \$20 for each family member (\$35 for seniors over age 65). With inflation and increases in the sales tax rate, those amounts were grossly inadequate to reimburse Idaho families. Beginning in 2008, the credit will increase substantially and continue to increase each year until it has reached **\$100 for each member of the household**. Below is a chart showing the phase-in:

Idaho Grocery Tax Credit Per Person

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxable income less than \$1,000	\$20	\$50	\$60	\$70	\$80	\$100	\$100	\$100	\$100
Taxable income over \$1,000	\$20	\$30	\$40	\$50	\$60	\$70	\$80	\$90	\$100
Additional credit for seniors	\$15	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20

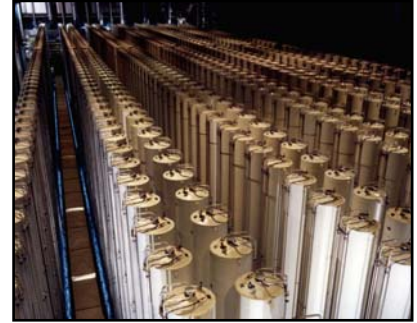
Note that the \$1,000 threshold is based on *taxable* income—total income net of personal exemptions and deductions. For example, a family of four could have *total* income of \$24,000 and still have less than \$1,000 in *taxable* income. The new law also allows those citizens who make less than the amount requiring them to file income tax returns to claim the credit on a one-page Form 24.

Phase-out of Personal Property Tax

In the words of Ronald Reagan, “The economy is business. Business creates new products and new services. Business creates jobs. Business creates prosperity for our communities and our nation as a whole.” One of state government’s responsibilities is to provide a business-friendly environment to protect the jobs and livelihoods of its citizens. With the economy stumbling, the Idaho legislature took steps to encourage existing and future businesses in Idaho. The personal property tax—tax on furniture, fixtures, and equipment owned by a business—has long been controversial. In 2000, the personal property tax on farm equipment was discontinued, with the commitment that all businesses would eventually enjoy similar tax breaks. Beginning next year (as long as state revenues increase at least 5%), the first \$100,000 worth of personal property owned by every business will be exempt from property tax. By providing that exemption, 88% of all Idaho businesses will be excused from any personal property tax at all. Revenues lost by the local taxing districts will be fully reimbursed from the state’s general fund to prevent a shift of property tax burden to homes and other property. This reduction in business taxes will stimulate economic growth, create jobs, and make Idaho a very attractive place to do business.

Tax Incentives for Investment in Eastern Idaho

Action by the legislature to enhance Idaho's business-friendly climate has qualified Eastern Idaho as one of five finalists for the construction of a \$2.5 billion uranium enrichment facility. This is not a nuclear power plant, but rather a facility to produce nuclear fuel to be shipped to power plants in other states. The United States currently receives ninety percent of its nuclear fuel from foreign sources, including Russia. This facility will help reduce America's energy dependence on foreign countries. It will be located in Bonneville County about mid-way between Idaho Falls and the Idaho National Laboratory. The tax base provided by this facility will result in lower property tax rates and/or additional services to Bonneville County residents. The plant, in conjunction with the INL, will greatly enhance Idaho's reputation as the nation's nuclear power research center. The company will partner with local universities to produce highly qualified engineers and other well-paid graduates who will remain in Idaho. Supported by our local city officials, county commissioners, local businesses and chambers of commerce, Governor Otter, and our Congressional delegation, I was honored to sponsor this legislation.



Preserving Our Rights

It seemed like this year had an unusually high number of bills that threatened our individual freedoms and rights. Efforts to shift political control from our local cities, counties, and other governmental entities to state government were rampant. Instead of allowing those elected officials who are closest to the people make the decisions affecting our communities, many continually promote mandates and restrictions on local governmental units. I believe in local control, not centralized state or federal control. We defeated most of these bills again this year and I will continue to defend the rights of individuals.

My Thanks to You

The depth and breadth of public policy issues addressed by this legislature was far reaching and included local option taxes, statewide aquifer management, transportation funding, teachers' salaries, state employee health insurance, energy issues, air quality, substance abuse treatment initiatives, election law changes, inmate growth in corrections, community college funding and wolf management, to name a few! I greatly appreciated hearing from my friends and neighbors in Fremont and Madison counties regarding these various issues. You know best how these proposals will affect you, your family, and your business. I am humbled by your confidence in me and always welcome your ideas.



My Door is Always Open

Your input is vital to me. When issues come up that concern you, please do not hesitate to contact me.

Senator Brent Hill

1010 South 2nd East
Rexburg Idaho 83440

bhill@senate.idaho.gov
www.senatorhill.com