

# Idaho Center on Budget and Tax Policy

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## NEWS RELEASE

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### **Governor Risch's Proposal to Cut Property Taxes and Raise Sales Taxes Will Saddle Most Idaho Families with a Net Tax Increase**

(MOSCOW) – In response to Governor Risch's proposal today to repeal the 3 mil maintenance and operations property tax levy for Idaho's public schools and increase the sales tax rate one cent, the Idaho Center on Budget and Tax Policy is releasing its analysis of who will pay for this proposed tax change. The analysis shows that for most Idaho families, the Risch proposal will result in a **net tax increase**.

"This proposal shifts the cost of paying for services available to all Idahoans onto those least able to afford it, families living on below-the-middle incomes," said Judith Brown, director of the Idaho Center on Budget and Tax Policy.

- On average, 95 percent of Idaho families will see a **net tax increase** under Governor Risch's proposal. In percentage terms, families with incomes at and below the middle will see their tax burden increase by .3%. Families with higher incomes will see smaller percentage increases. Only families with incomes above \$135,000 will, on average, see a net tax decrease.
- This proposal reduces a somewhat regressive tax (the property tax) and increases a very regressive tax (the sales tax). This shifts the cost of government onto those least able to afford it, from higher-income onto middle- and lower-income families.
- According to both a recent University of Idaho study and analysis by the Institute on Taxation and Economic Policy, approximately 50% of the m&o levy reduction will be a reduction in property taxes paid by *businesses*. It is homeowners who have demanded and who deserve a property tax reduction.
- Renters will receive no direct benefit from reducing the m&o levy, but they will still pay more in sales taxes. For renters, the m&o repeal/sales tax increase will be a tax increase pure and simple.

"Idaho citizens want the tax system made fairer *and* they want secure, adequate funding for their public schools. The Risch proposal fails on both counts," said Judith Brown, director of the Idaho Center on Budget and Tax Policy.

United Vision for Idaho is made up of organizations statewide that represent over 50,000 people. The nonpartisan, nonprofit Idaho Center on Budget and Tax Policy provides timely and credible economic analysis on a range of budget and tax decisions, with special emphasis on how they impact low- and moderate- income Idahoans.

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**A Project of United Vision for Idaho  
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