



An Open Letter to Gov. Otter: You Have Options in Dealing with Budget Deficit

The Honorable C.W. "Butch" Otter
Statehouse Box 83720
Boise, ID 83720

Dear Governor Otter:

On behalf of the nearly 2,500 Idaho members of the National Taxpayers Union (NTU), I urge you to pursue a fiscally responsible approach to eliminating the state's projected \$151.4 million budget shortfall. With the economy struggling to recover, a tax hike of any kind should be off the table. Instead, targeted spending cuts and, if necessary, use of rainy day funds are appropriate in this circumstance.

Generally NTU urges caution when elected officials are faced with the prospect of tapping rainy day funds. But the current climate is precisely the reason why such funds are maintained. During periods of cyclical economic downturn, lawmakers should soften the blow to taxpayers by reaping the benefits of the fiscal discipline that helped fill the funds' coffers in better conditions.

This is not to suggest that the funds should be "raided" or drained indiscriminately. Now is the time to identify serious, lasting cost savings in state government. Taxpayers expect their elected officials to exercise the utmost diligence in identifying programs where funding can be reduced or eliminated. At the beginning of this year's legislative session, the sum total of Idaho's rainy day funds stood at \$391 million. That number has since fallen to just over \$274 million. While the funds are capable of zeroing out the entire budget deficit, an overreliance on them may prove harmful in the future, especially if the projected deficit number climbs in the coming weeks. This is why further spending cuts are vital to getting Idaho through these uncertain times.

In any case, tax hikes should be categorically rejected, including the excise tax on gasoline. The Legislature was right in resisting the gas tax increase this session. It would have placed undue stress on Idaho's low-income families already straining to make ends meet. The same is true for tax increases in general. This deficit is not a revenue problem, and thus should not be addressed by taking a larger bite out of taxpayers' wallets.

A balanced approach of spending cuts and responsible use of rainy day dollars is the best strategy for attacking this deficit. NTU's members and all their fellow taxpaying Idahoans hope you will stand firm against any tax increases, and put Idaho's economy on solid ground.

Sincerely,

Joshua Culling
State Government Affairs Manager