

Sunday, February 21, 2010

New refinery tax is a cynical way to fix the deficit

We understand that the Legislature must make difficult choices in the face of mounting deficits and a sluggish economy. And, yes, we are mired in the worst recession in generations.

Still, aside from the sheer size of the deficit, there is something familiar about the ugly process of cobbling together bits and pieces of increases on some existing taxes and finding new things to tax.

Even in better times, the Legislature has failed to address what most economists agree is a "structural deficit" in the state's taxing and spending habits.

As somebody once said, "It's deja vu all over again."

One of the least appealing tax proposals now on the table is the odd-looking bill that appeared last week in the guise of an anti-pollution measure aimed at storm water cleanup. It was accompanied by equally odd logic.

Since the Legislature seized revenue from the dedicated Model Toxics Control Act fund to help draw down 2009's \$9 billion deficit, some thought that a tripling of the tax could replace part of that money.

The tax hike would hit Skagit County's two refineries hard, as well as the two in Whatcom County. Those refineries are mainstays in our local economy and the source of thousands of family-wage jobs.

The effort to triple the MTCA tax should be junked.

It would be at least some small comfort if all that money were going to clean up Puget Sound.

But no.

Of the estimated \$148 million the tax would raise in its first full year, 69 percent would be raked off into the general fund to address the current \$2.8 billion deficit. In its second year, 40 percent would be diverted to the general fund, with 10 percent slated for the third year.

In other words, having wiped out the MTCA money in 2009, legislators are trying to justify increasing the pollution tax that they really intend to use mostly for deficit reduction.

It is a clumsy sleight-of-hand, like an amateur magician botching a new trick that fools no one.

Opponents of the tax proposal, including a number of Skagit County business people and elected officials, testified against it at a hearing Wednesday.

Among their concerns was that once the Legislature was hooked on the refinery money it wouldn't be able to resist keeping much of it in the general fund.

We agree.

Part of the public's widespread resistance to taxation comes from the belief that lawmakers will misuse the money or change the rules mid-course. Here is a tax that leans in that direction before it even gets out the door.

Promises and pledges made in the Legislature's 61st session can be too easily forgotten when the 62nd rolls around. Public trust has suffered enough.

The recession has only exacerbated the structural deficit that was there before the downturn and still lies in wait to swallow our children's future.