

Sunday, February 28, 2010

## Legislature's 'temporary' taxes miss the mark

It's time to check your bank account. The Legislature is poised and ready to hike taxes.

The final "t" was crossed on Wednesday when Gov. Chris Gregoire signed a measure that temporarily suspends Initiative 960, which voters passed in 2007 requiring a two-thirds plurality before approving any tax hike. Now only a simple majority is required, and this will be in effect until July 2011, when the next two-year budget cycle begins.

Gregoire and her fellow Democrats, who hold commanding majorities in both chambers, pushed through the suspension of I-960 against a loud chorus of boos voiced by minority Republicans.

So all is ready for the gavel to be dropped on a new round of tax measures. Democrats in the House and Senate have come forward with their tax proposals as a way of bridging a projected \$2.8 billion gap in the state's general budget.

One of the main features of the Senate plan is to temporarily boost the state's sales tax. Sen. Joseph Zarelli, budget leader for Senate Republicans, estimates the Democrats' proposal would increase taxes by \$1 billion in each of the next three years -- much of it on the backs of consumers.

The governor's budget plan offers a different twist, raising \$605 million through a series of 14 proposals to increase taxes and close exemptions. While Gregoire has shied away from upping the sales tax, she has her sights set on discretionary taxes placed on such items as soda and cigarettes.

While it's obvious the governor wants consumers to refrain from anything that's bad for their health, it also appears she doesn't think much of gulping down water from an artesian well, given her request for a 1-cent-per-ounce sales tax on bottled water.

What's with this? We sense a mixed message going on here. First, the governor wants to slap the hands of those reaching out for a can of sugary soda pop by laying on a sales tax of 5 cents for a 12-ounce can. But, instead of encouraging consumers to quaff something healthful like water, the governor does the opposite and saddles water sippers with an even higher tax -- amounting to 17 cents for a typical bottle.

Then consider the sales tax on candy. What a logistical nightmare for retailers. A hunk of dark chocolate will get slapped with a sales tax but a candy bar with flour as an ingredient will not be taxed since it's considered a food item and exempt from any taxes. Good luck figuring all of this out during the Halloween season.

And what about the governor's plan to triple the existing "hazardous substance" tax on oil and other chemicals? Environmentalists are giddy about this tax, which would be mostly paid by the state's five oil refineries. It would raise \$215 million. Not a bad sum of money if

it were headed for a dedicated fund to clean up polluted stormwater that endangers Puget Sound and other waterways.

But hold on here -- most of the money from this tax, roughly \$148 million, would go directly into the general fund to pay for education and social services. Only \$67 million actually goes to the dedicated cleanup fund.

So in the final analysis, the only folks giddy about this tax are lawmakers trying frantically to shore up the state's budget.

While the way may be cleared for tax increases in the Legislature, it's also clear that what's being proposed misses the mark.

And we should all take note of how lawmakers have linked together the words "temporary" and "taxes." With a simple majority now in force, don't expect this linkage to last for long. Somehow taxes remain in place. It's the temporary part that gets dropped by the wayside.

*\* Members of the Yakima Herald-Republic editorial board are Michael Shepard, Bob Crider, Spencer Hatton and Karen Troianello.*