



C. L. "BUTCH" OTTER
GOVERNOR

March 20, 2007

The Honorable Lawrence Denney
Speaker
House of Representatives
Statehouse
Boise, ID 83720

VIA HAND DELIVERY

Dear Mr. Speaker:

I hereby advise you that I have transmitted to the Office of the Secretary of State, without my approval, disapproved and vetoed, the following House Bill, to wit:

H081a

within the time limited by law, the same having arrived in the Office of the Governor at the hour of 3:00 p.m. on March 19, 2007.

The criteria by which I assess legislation, as explained in my State of the State address, include living within our means and not imposing undue burdens on future state budgets. House Bill 81a violates both.

At a cost of \$31.1 million in the budget year that begins July 1, \$31.8 million the following year and \$32.4 million in fiscal 2010, House Bill 81a significantly damages our ability to pay for the vital state services needed and demanded by Idaho taxpayers.

To the degree those needs and demands are left unmet in fiscal 2008, they will expand by orders of magnitude in subsequent years far beyond the immediate budgetary impact of the legislation itself. That becomes particularly important in the context of state revenue for the current budget year running about \$28 million behind projections through February.

I appreciate the debate that took place in the House and Senate on this issue, as well as the good intentions of the sponsors – to whom I expressed these concerns early and often.

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However, the Legislature's deliberations failed to adequately consider the degree to which a decision on the grocery tax credit would impact other necessary programs and services. Such critical questions must not be considered in a vacuum.

It remains my firm belief that the best way to begin addressing both the inequity of the sales tax on food and the legitimate obligations of state government is to target tax relief where it is needed most.

It is indisputable that low-income Idahoans spend a disproportionate share of their incomes on food. It also is true that the inequity faced by moderate- to high-income Idahoans – while real – is far less stark and immediate. Fiscal policy that does not adequately take into account the broader real-world repercussions on ordinary Idahoans is unacceptable to me.

As Always – Idaho, "Esto Perpetua"

A handwritten signature in black ink, appearing to read "C.L. Butch Otter". The signature is stylized and cursive, with a large initial "C" and "L" and a prominent "O" at the end.

C.L. "Butch" Otter
Governor of Idaho