

# *Associated Taxpayers of Idaho State Tax Reform*

## *November 2015*

American Strategies designed and administered this telephone survey, which was conducted by professional interviewers. The survey reached 603 registered voters, 18 years or older, who indicated they would probably or almost certainly vote in the November 2016 election. The survey was conducted November 16-21, 2015. Telephone numbers were generated by a random selection of registered voters. The sample was stratified by age, race, and gender. Quotas were assigned to reflect the demographic distribution of likely November 2016 voters. Twenty-eight percent of these respondents were reached on wireless phones. The overall margin of error is +/- 4 percent. The margin of error for subgroups is larger and varies. (Percentage totals may not add up precisely due to rounding)

# Executive Summary

**Mixed assessment of state direction.** While a plurality of voters (47 percent) feel that the state is headed in the right direction, 39 percent see things as off on the wrong track and 15 percent are not sure which direction the state is headed.

**Economy only fair with jobs hard to find.** Most (43 percent) rate the state economy as only fair, with an additional 17 percent categorizing the economy as poor. Half (54 percent) say that jobs are difficult to find. Overall, just over one-third rate the economy as positive, with those who live in the second Congressional District more bullish than those who live in CD1 (45 percent excellent or good compared to 32 percent).

**State tax system perceived as mostly fair.** Seven-in-ten feel that the Idaho state tax system is very (8 percent) or mostly (62 percent) fair. Only 26 percent see the system as not too fair (19 percent) or not fair at all (7 percent).

**Tax load is about right for services received.** Almost six-in-ten (59 percent) say that taxes in Idaho are about right, given the services they receive in return. Thirty percent feel that taxes in general are too high. There is somewhat more frustration with property taxes (41 percent too high) and the state gas tax (37 percent too high).

# Executive Summary

**When it comes to tax reform, most say only minor changes are needed.** Half (52 percent) say that the state tax system needs only minor changes; another ten percent believe it is fine the way it is. Only one-third desire major changes (20 percent) or a complete overhaul (15 percent).

**Voters are open to some limited reforms.** There is general support for eliminating the grocery tax, better collection of the online sales tax and (to a lesser extent) elimination of the business property tax.

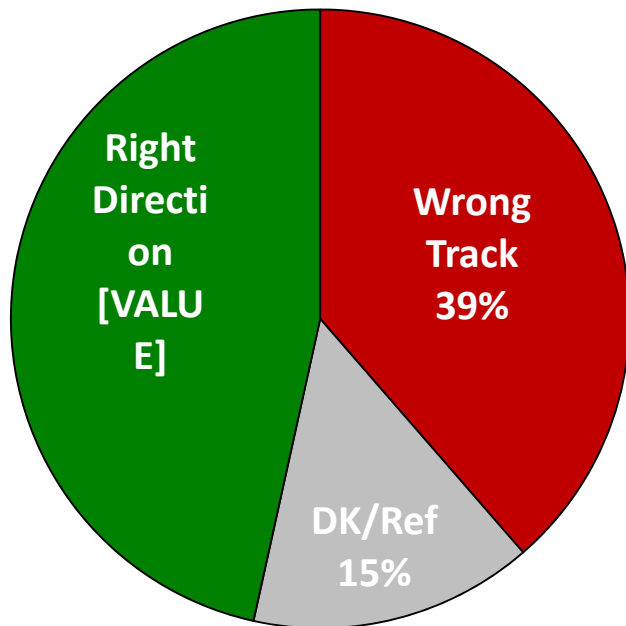
**Broad opposition to reforms that would increase any existing tax.** Majorities oppose reforms that would cut the state income tax, but increase sales taxes or create new taxes. They also reject a new real estate transfer tax to help fund government services.

**Flat tax attractive, but may not hold up to scrutiny.** There is interest in a proposal to flatten Idaho's individual income tax rates into a single rate that everyone would pay. However, support erodes once voters hear more about the proposal and shifts to opposition if any type of deductions, exemptions, or credits remain.

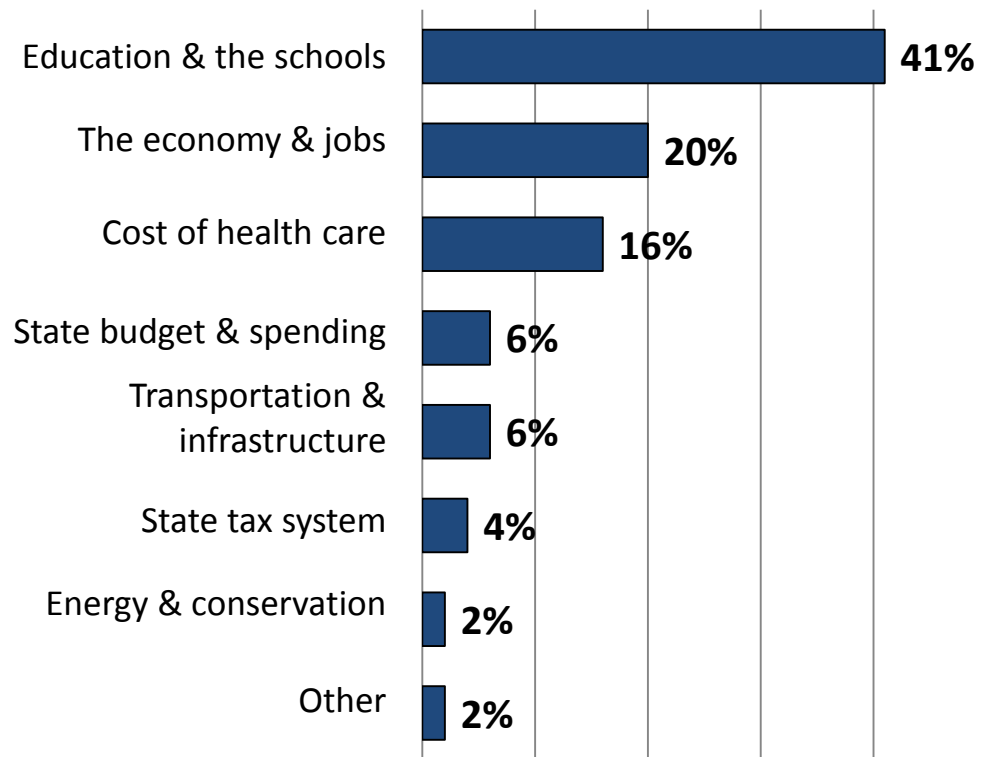
# *Political and Economic Context*

# Plurality Sees State Headed in Right Direction; Education and the Schools Top Issue Concern

Direction of the State

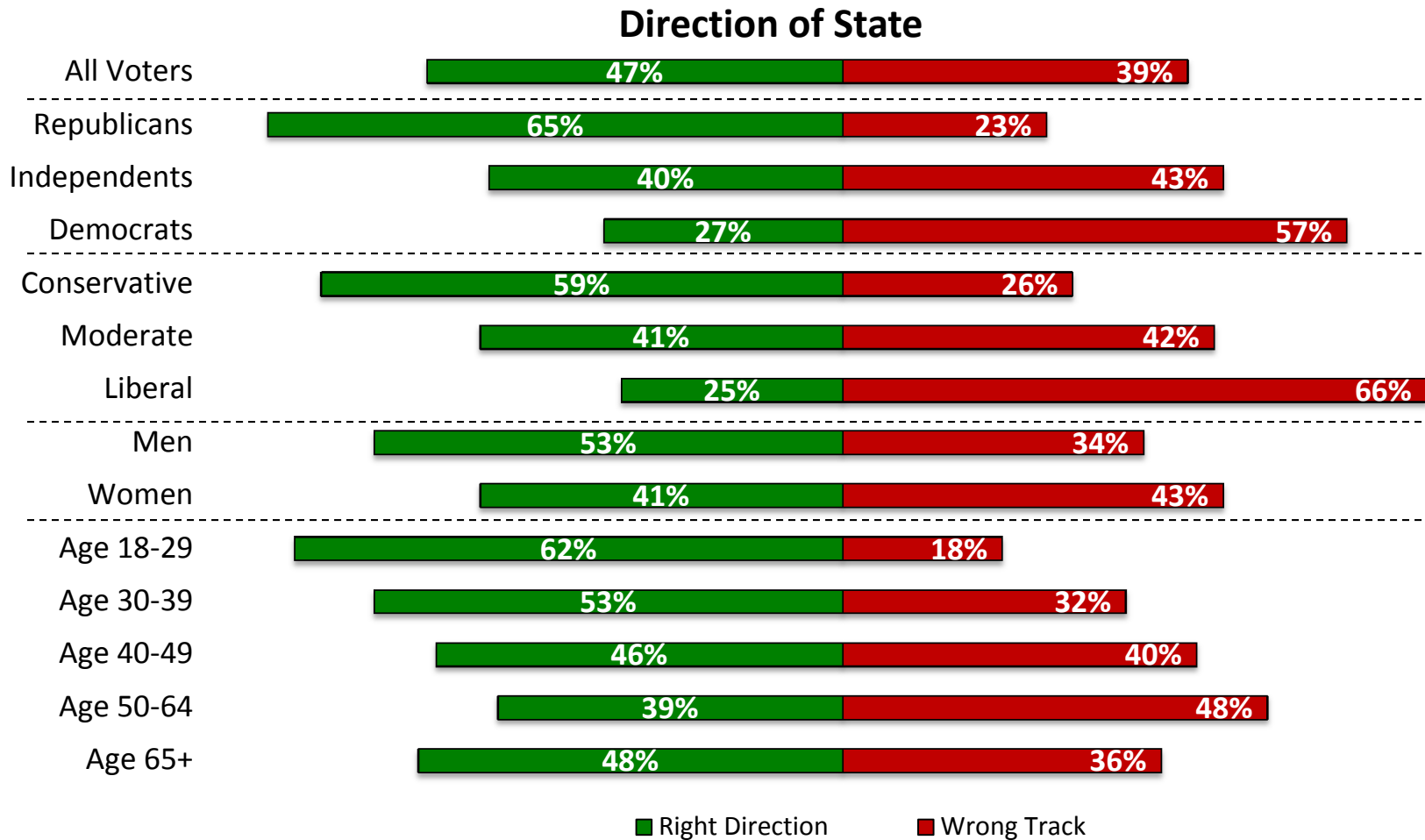


Issue Concerns



Q.4 Generally speaking, do you feel that things in Idaho are headed in the right direction, or do you feel that we have gotten off track and are headed in the wrong direction? Q.5 I am going to read you a list of concerns that many people have. Please tell me which ONE of these concerns you believe is the most important for the Governor and state legislature to focus on?

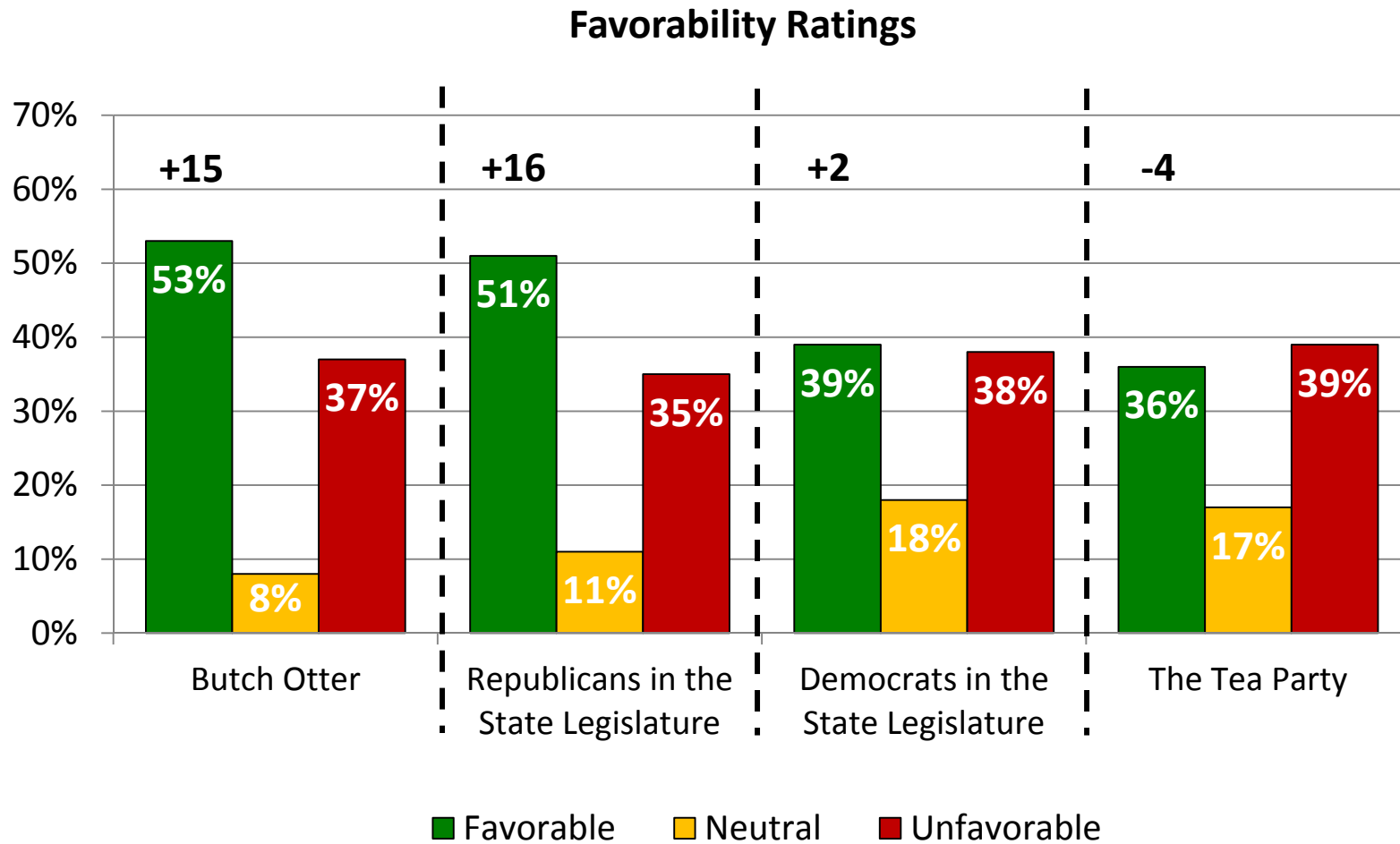
# Republicans, Conservatives, Men, and Young People More Positive About Idaho's Current Course



Q.4 Generally speaking, do you feel that things in Idaho are headed in the right direction, or do you feel that we have gotten off track and are headed in the wrong direction?

# Bare Majorities Hold Favorable Views of Gov. Otter and GOP Legislators

## *Voters Split on Democrats in Boise and The Tea Party*

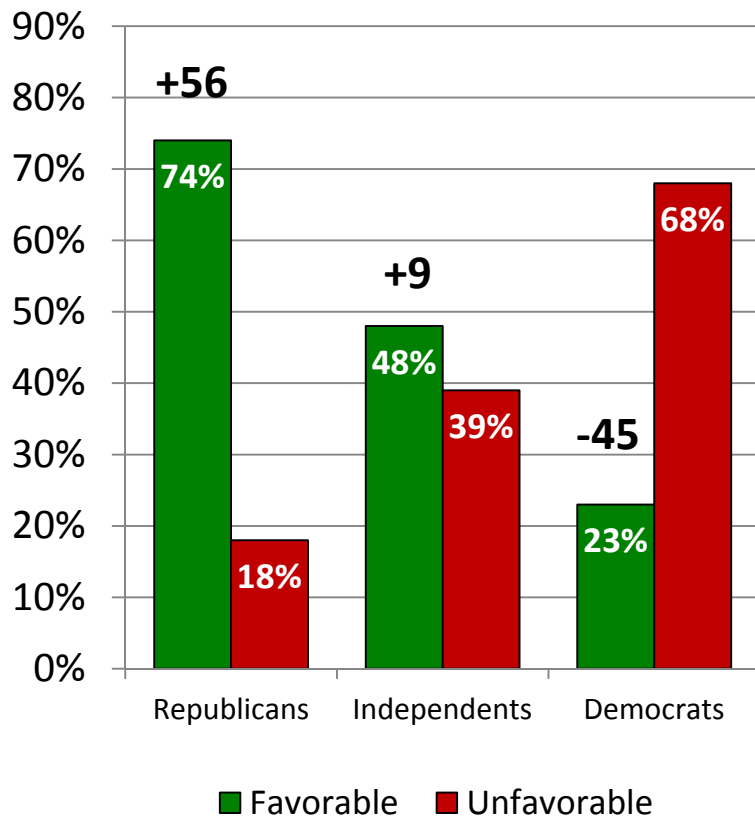


Q.6 Now I'm going to read you the names of several public figures and organizations, and I'd like you to rate your feelings toward each one as either very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable. If you have no opinion or never heard of that person or organization, please say so.

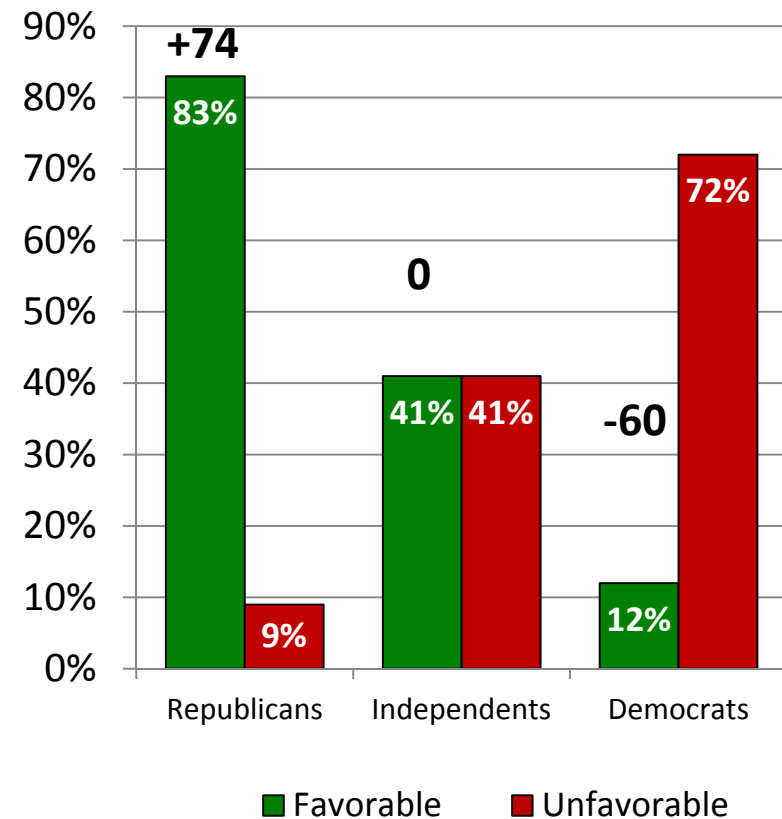
# Independents Net Favorable on the Governor; Split on GOP Legislators

*Republicans Somewhat More Favorable Towards GOP State Legislature Than Governor Otter.*

**Governor Otter:  
Favorability by Party Identification**



**Republicans in the State Legislature:  
Favorability by Party Identification**

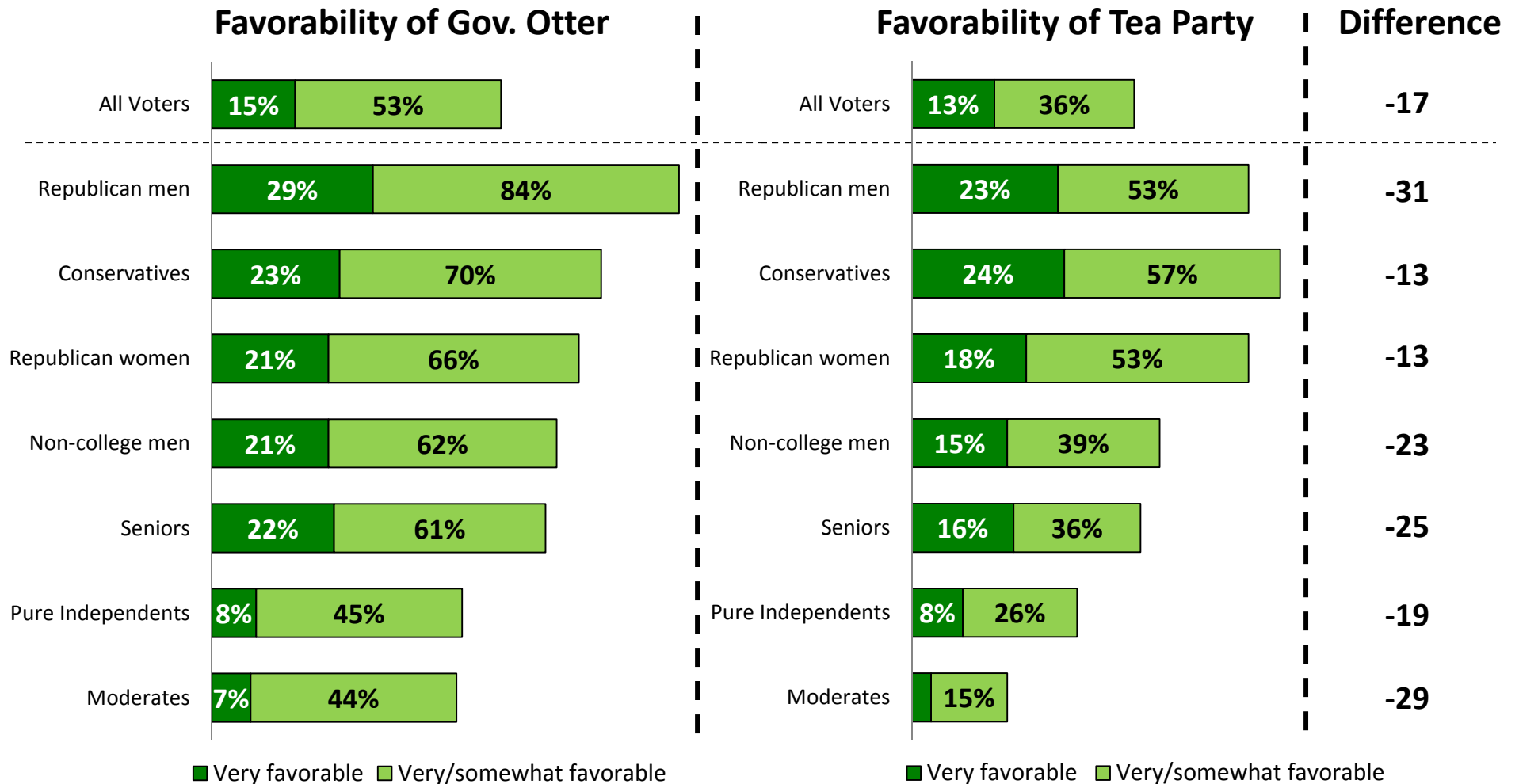


Q.6A&C Now I'm going to read you the names of several public figures and organizations, and I'd like you to rate your feelings toward each one as either very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable. If you have no opinion or never heard of that person or organization, please say so.



# Tea Party Less Popular Than Gov. Otter

## *Particularly with Moderates, Seniors and Non-College Men*

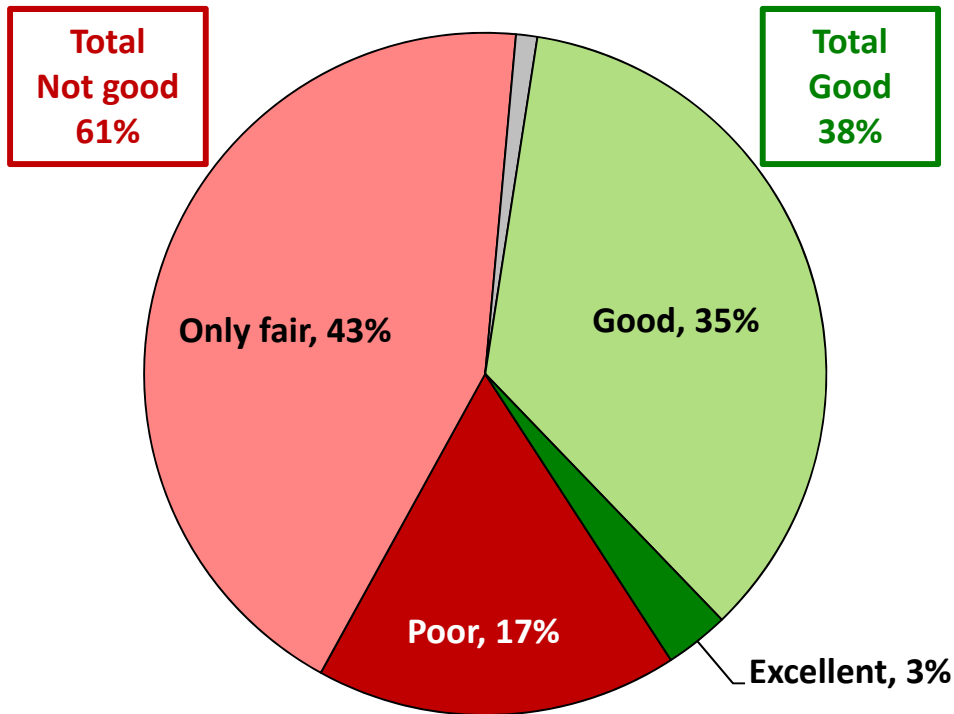


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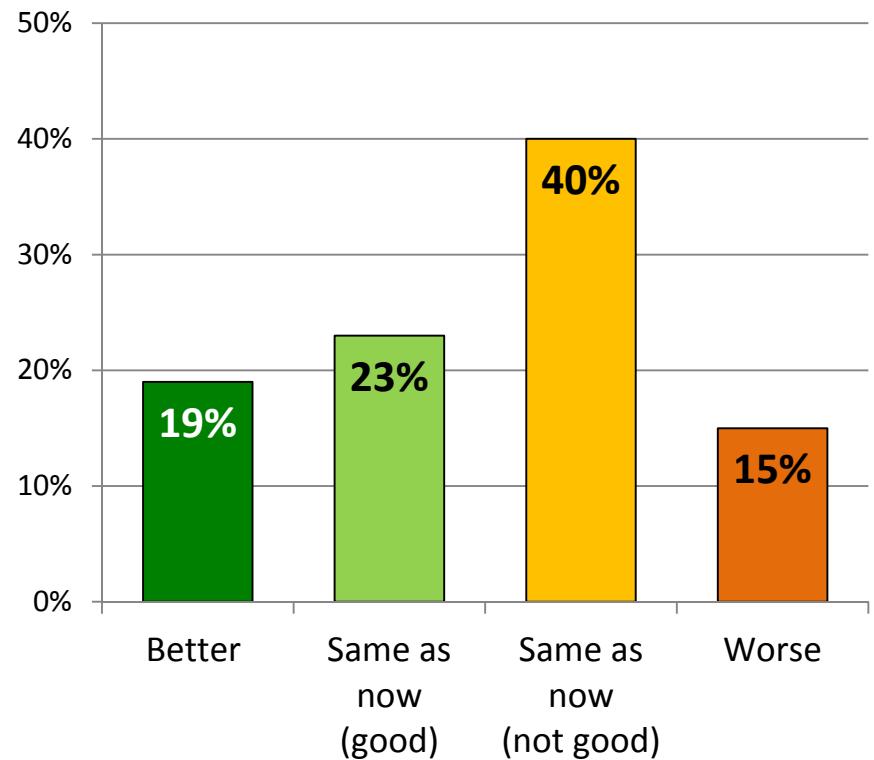
# Most Rate Economic Conditions as Only Fair or Poor

*Two thirds say economic conditions will remain only fair/poor or get worse in the coming years*

### Economic Conditions in Idaho



### Future Economic Conditions

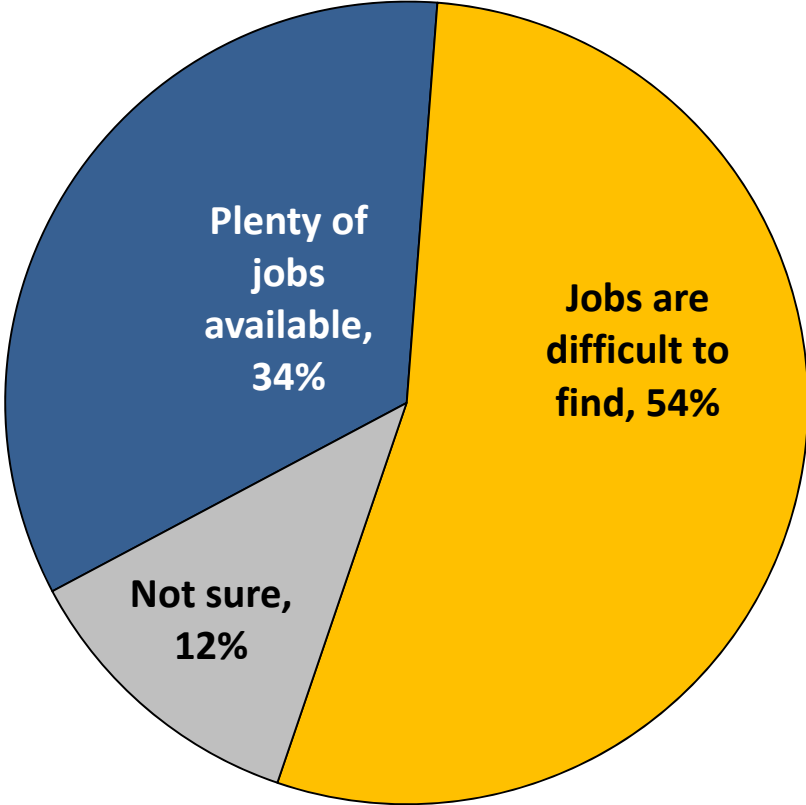


Q.7 How would you rate economic conditions in Idaho today as excellent, good, only fair or poor?

Q.8 A year from now, do you expect that economic conditions in Idaho as a whole will be better than they are at present, or worse, or just about the same as now?

# Over Half of Voters Feel Jobs Are Hard to Find

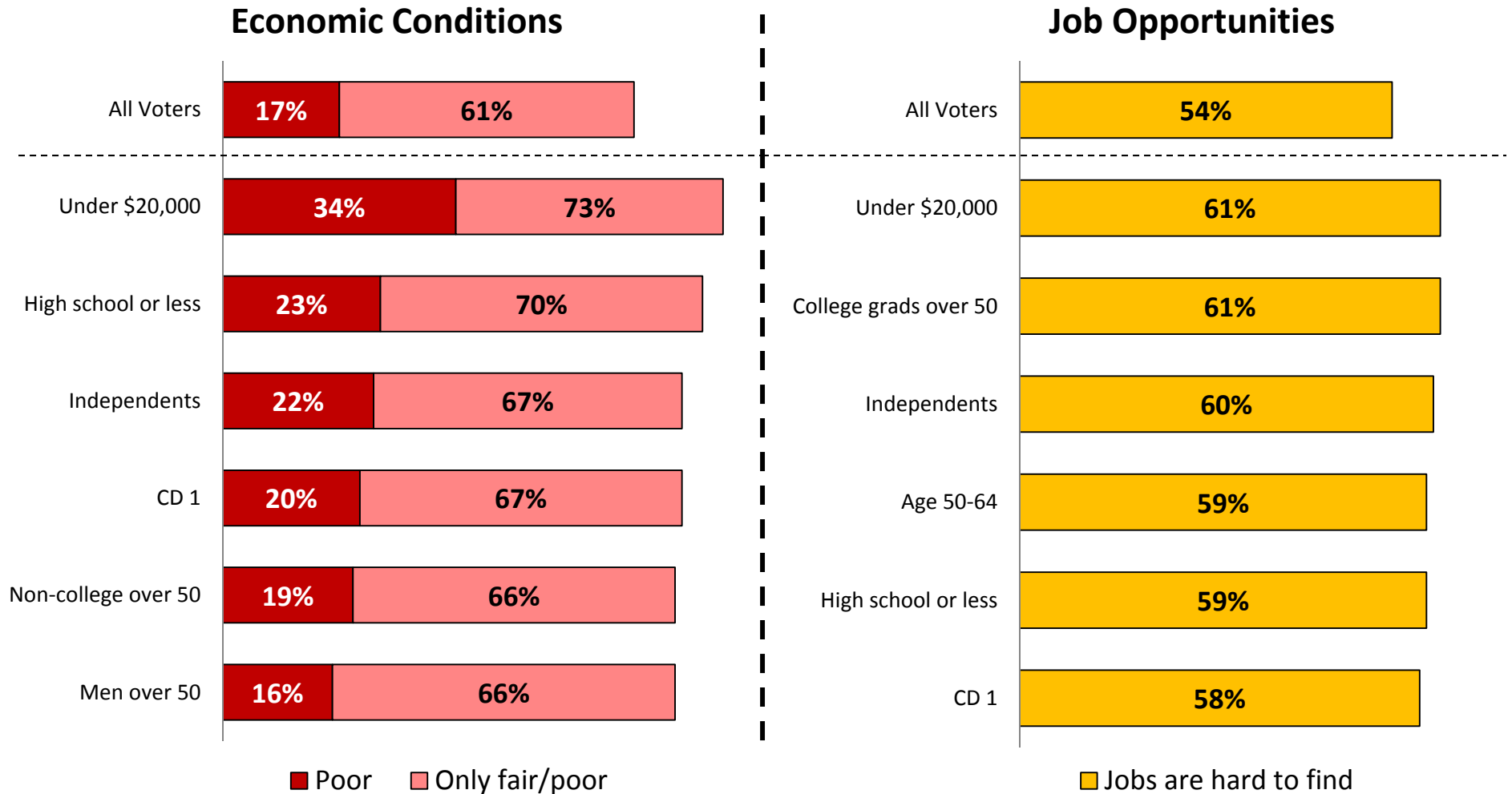
Job Opportunities in Idaho



Q.9 Thinking about job opportunities where you live, would you say there are plenty of jobs available in your community or are jobs difficult to find?

# Low Income and Less Educated Hit Hardest

*Independents and Older People also Frustrated*



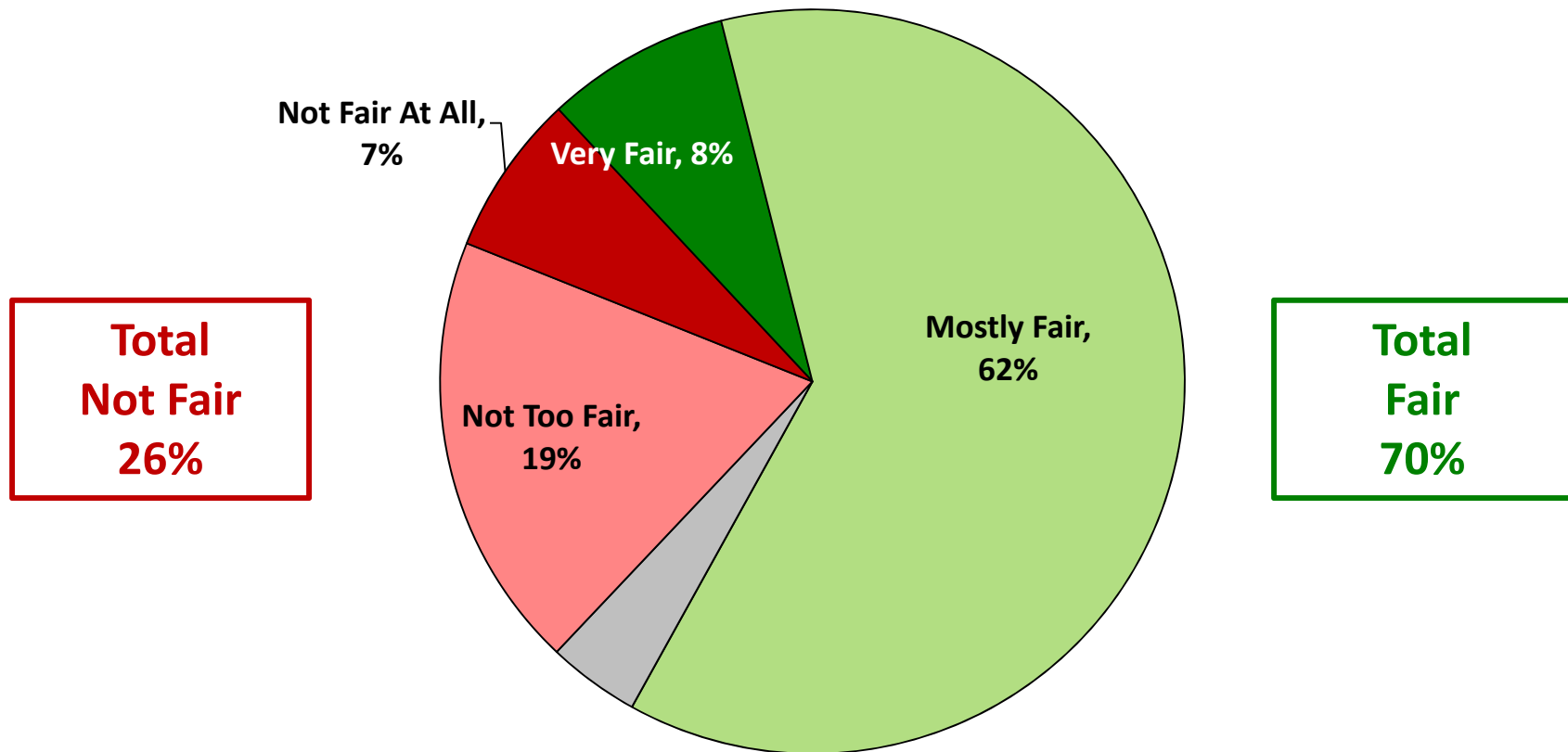
Q.7 How would you rate economic conditions in Idaho today as excellent, good, only fair or poor?

Q.9 Thinking about job opportunities where you live, would you say there are plenty of jobs available in your community or are jobs difficult to find?

# *Tax System and Tax Reform*

# Seven-in-Ten Rate the Current State Tax System as Mostly or Very Fair

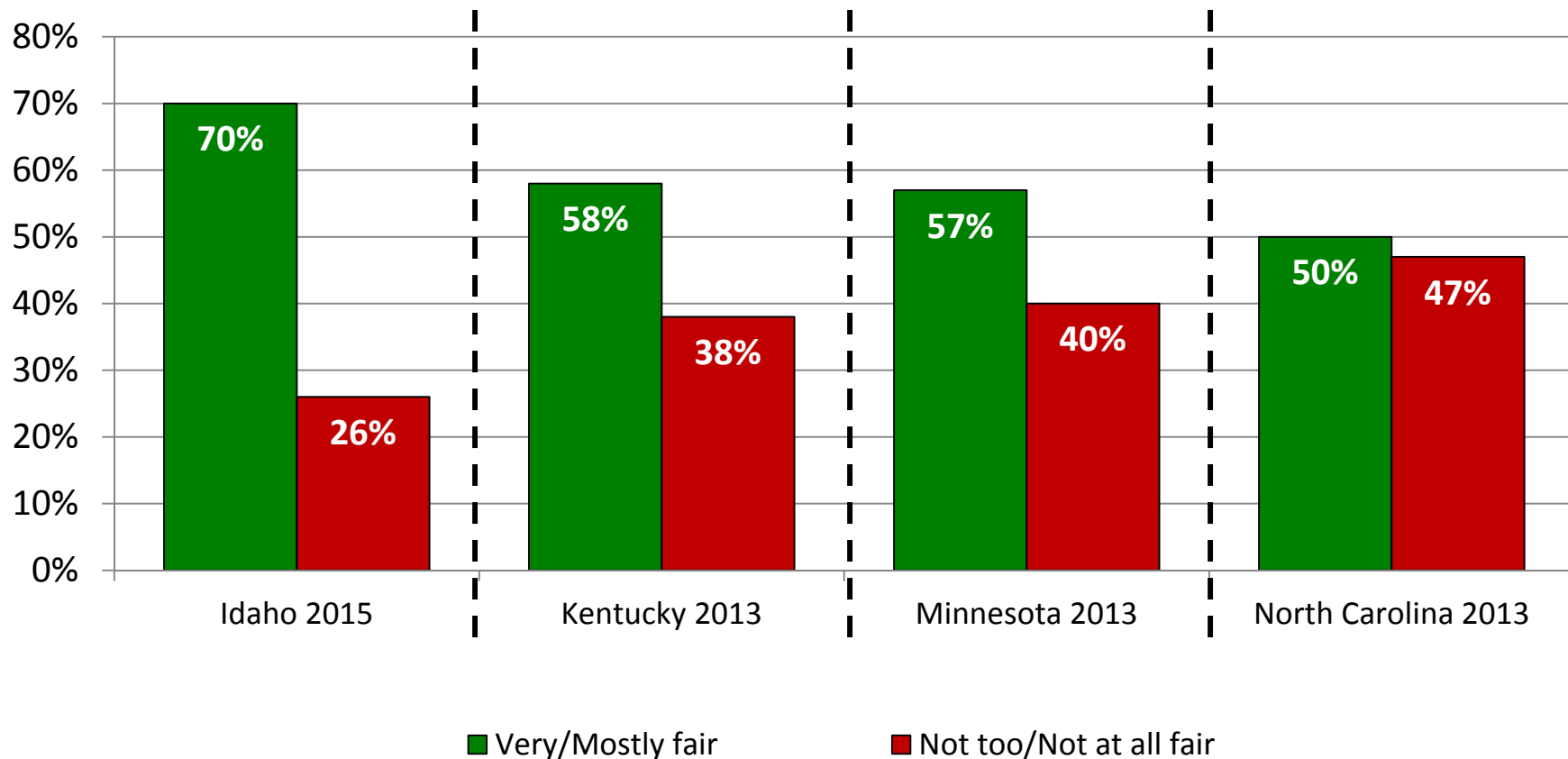
Idaho State Tax System Fairness



Q.10 Switching gears a bit and thinking about the issue of taxes in Idaho. How fair do you think the Idaho state tax system is? Overall would you say that the state tax system is very fair, mostly fair, not too fair, or not fair at all??

# Idaho Voters More Satisfied with State Tax System than We Have Seen in Other States

## State Tax System Fairness: Idaho versus Other States

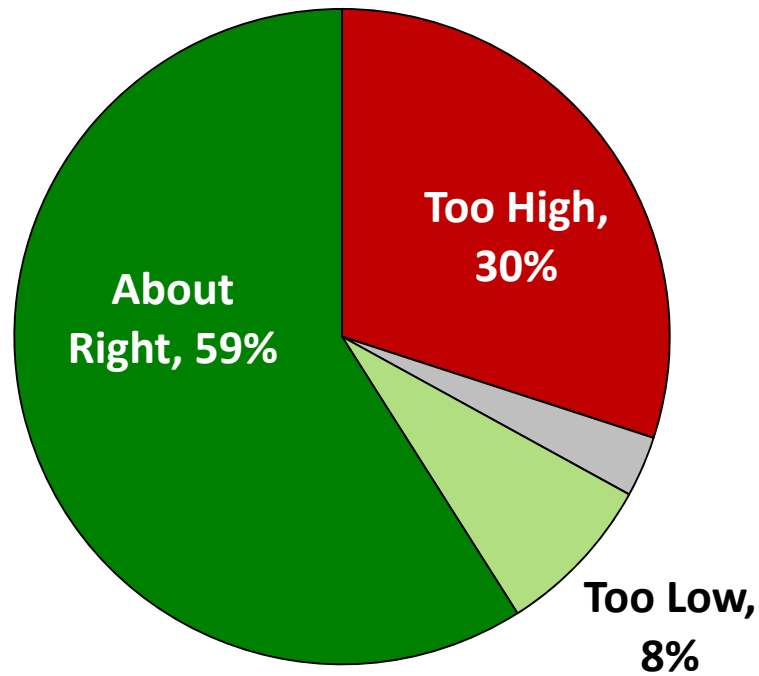


Q.10 Switching gears a bit and thinking about the issue of taxes in Idaho. How fair do you think the Idaho state tax system is? Overall would you say that the state tax system is very fair, mostly fair, or not fair at all??

# Majority Feels Idaho State Tax Load is About Right

*Only a third of voters say taxes in Idaho are too high for the services they receive.*

**Idaho Tax Rates Overall**

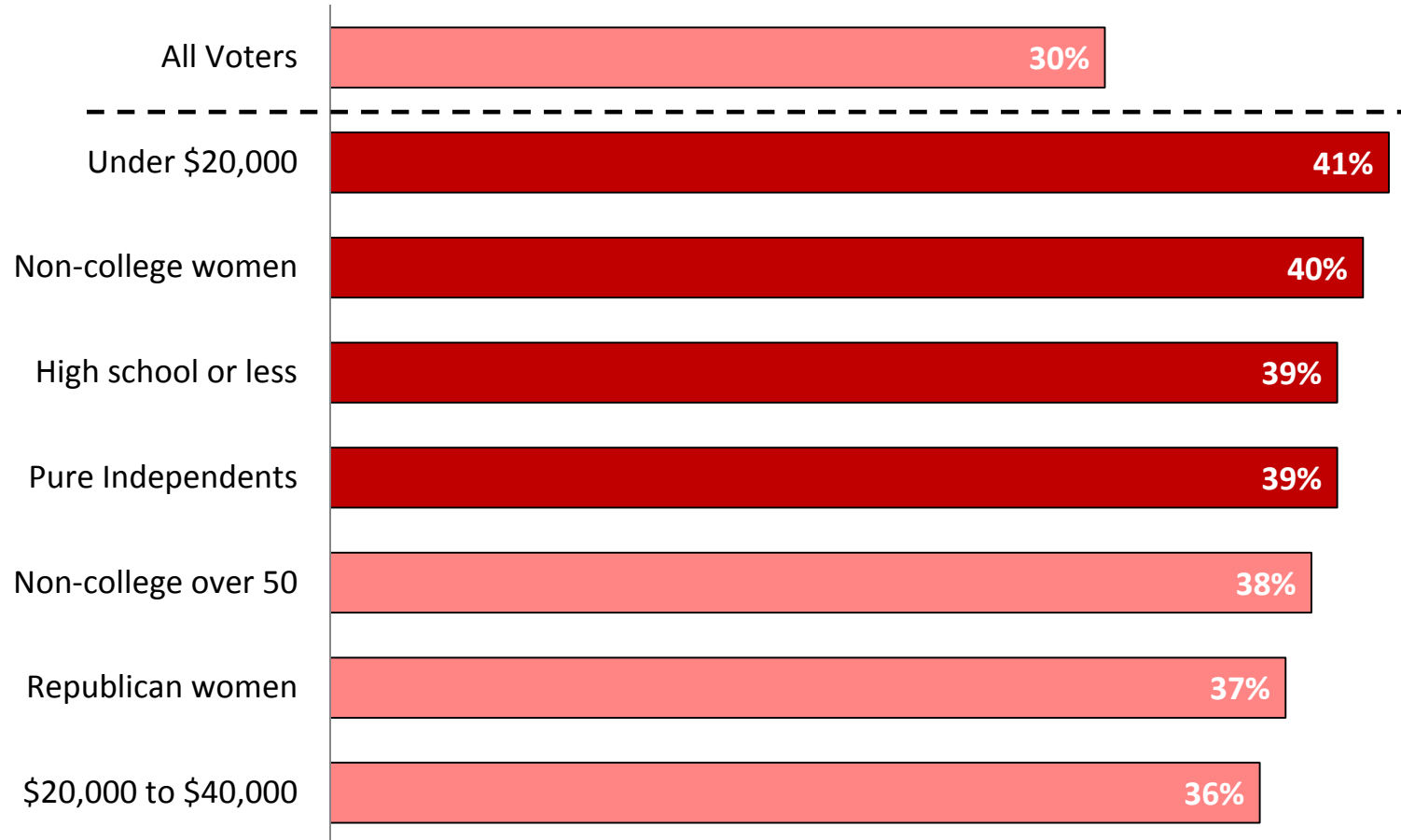


Q.11 In general, for the services you receive, would you say that the taxes in Idaho are too high, too low, or are they about right?



# Low Income Earners and Less Educated Women Are the Most Tax Sensitive

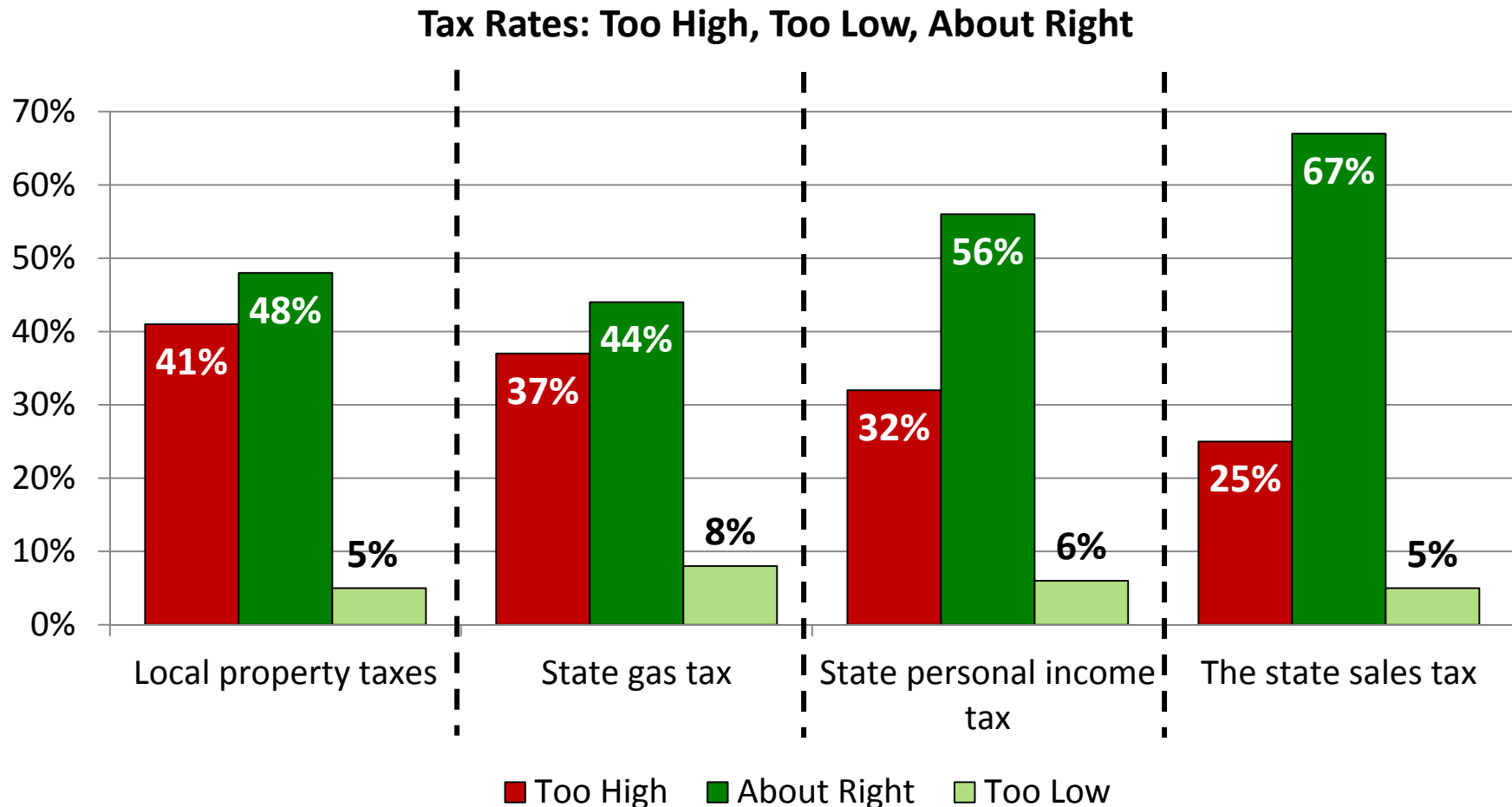
Voters Who Say Idaho State Taxes are Too High



Q.11 In general, for the services you receive, would you say that the taxes in Idaho are too high, too low, or are they about right?

# Property and Gas Taxes Cause Some Dissatisfaction

*Majorities Content with Sales and Income Tax Rates*

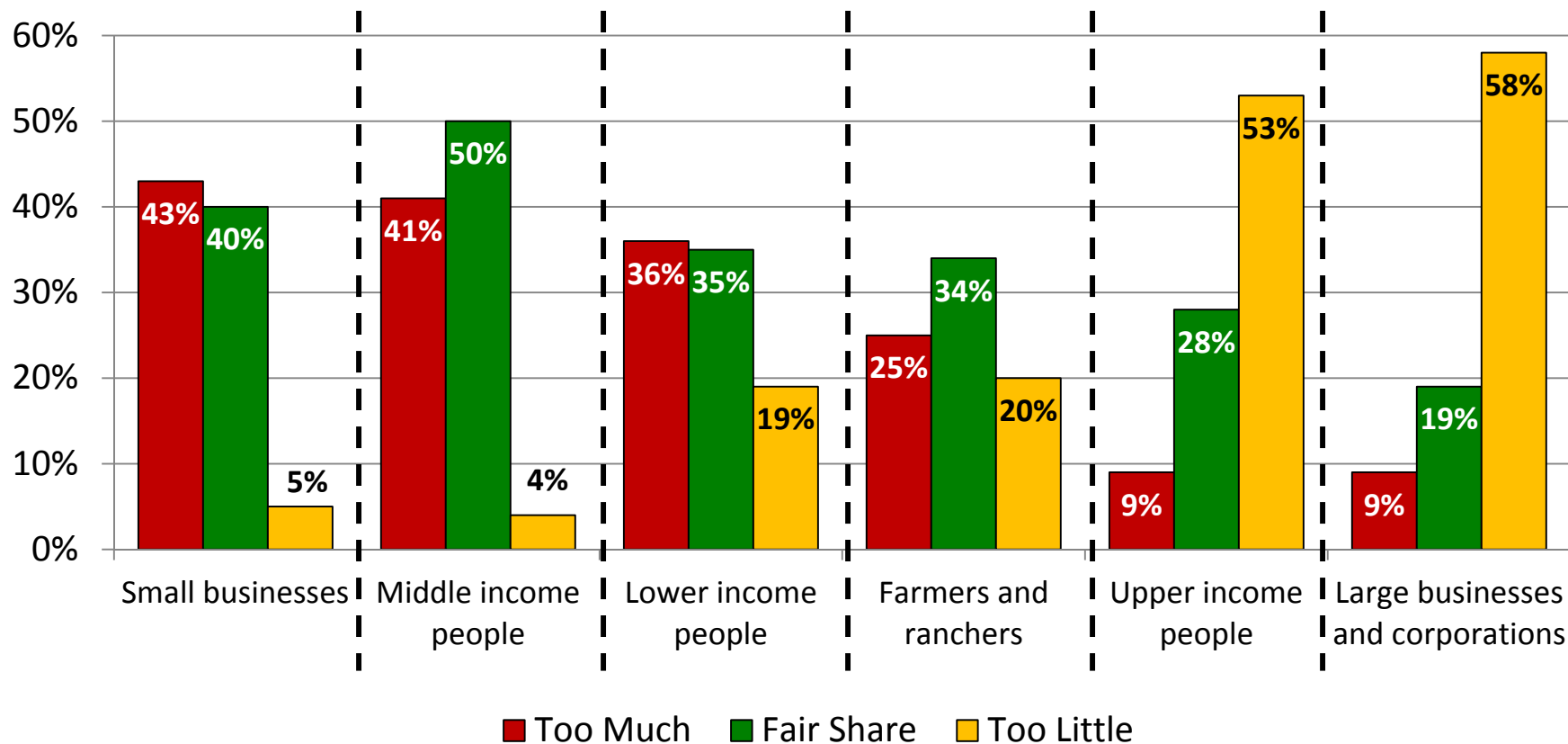


Q.12 Now I am going to read you a list of specific taxes in Idaho. For each one, please tell me whether you believe that specific tax is too high, too low, or about right for the services you receive.

# There is a Sense that Middle Class People and Small Businesses Pay Too Much

*While upper-income people and large businesses & corporations pay too little.*

### Pay Too Much, Too Little, or Fair Share in State Taxes



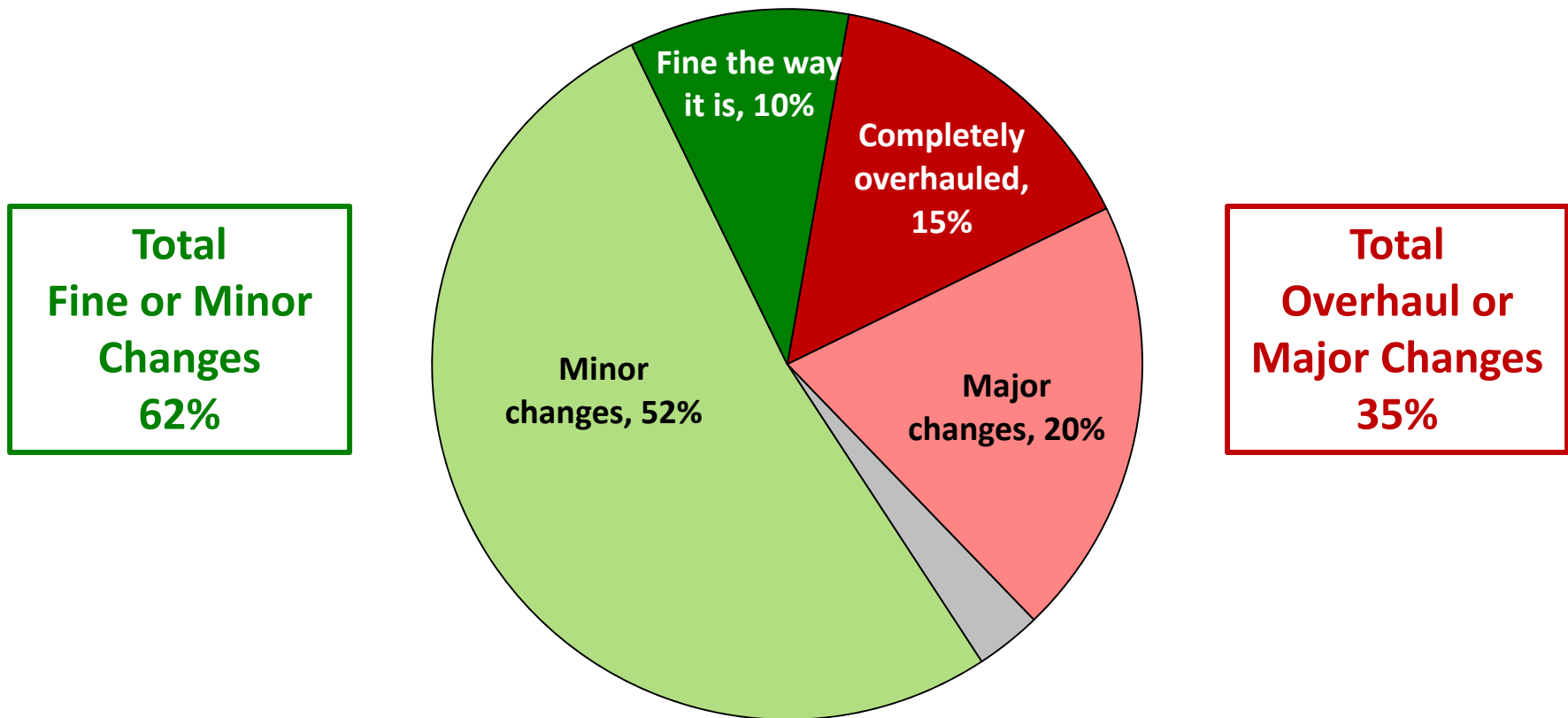
Q.13 I am going to read a list of some different groups. For each one, please tell me if you think they are paying their fair share in state taxes, paying too much or paying too little. How about.....

# Few See Need for Major Changes to State Tax System

*A majority say only minor or no changes are needed*

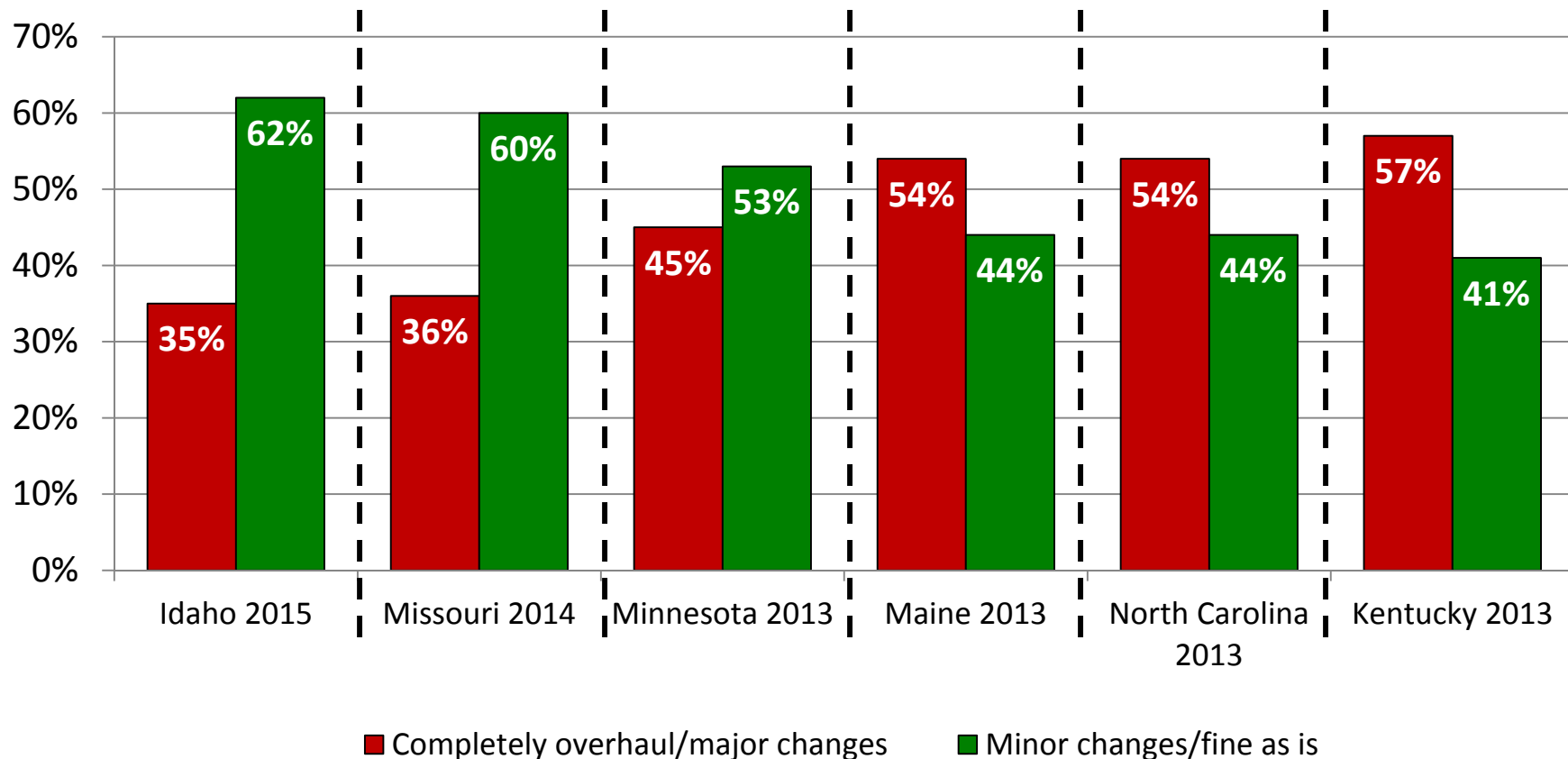
Q.14 Still thinking about the issue of tax reform, I am going to read you four statements about the Idaho state tax system, and I want you to tell me which one comes closer to your own view, even if none of them are exactly right.

The Idaho state tax system: **should be completely overhauled, needs major changes, needs minor changes, is fine the way it is.** Which ONE of these four statements comes closer to your own view?



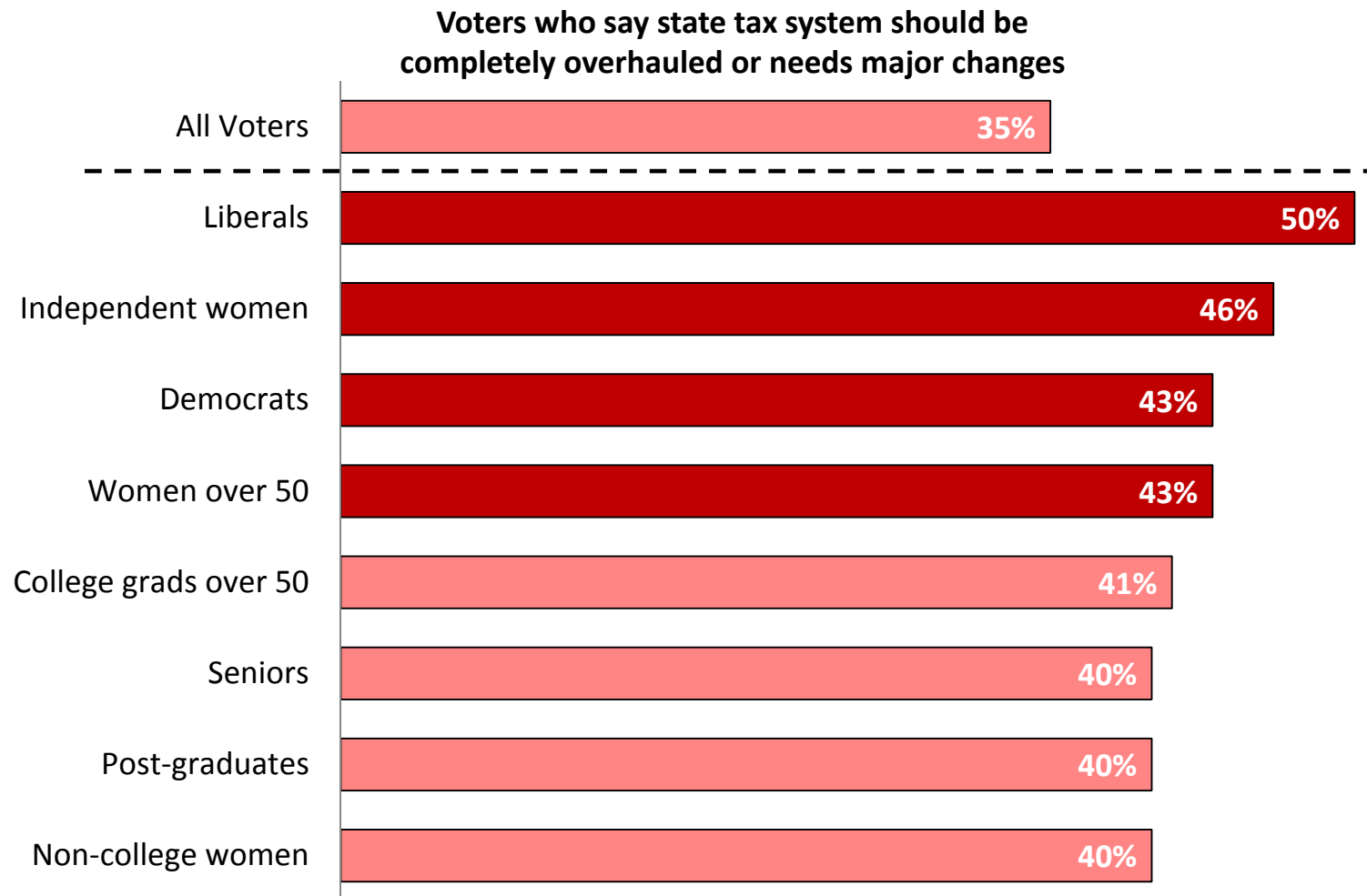
# Idaho Voters Show Less Interest in Major Tax Reform than Other States

Desire for Tax Reform: Idaho versus Other States



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# About Half of Liberals and Independent Women Say Idaho's Tax System Needs Major Changes

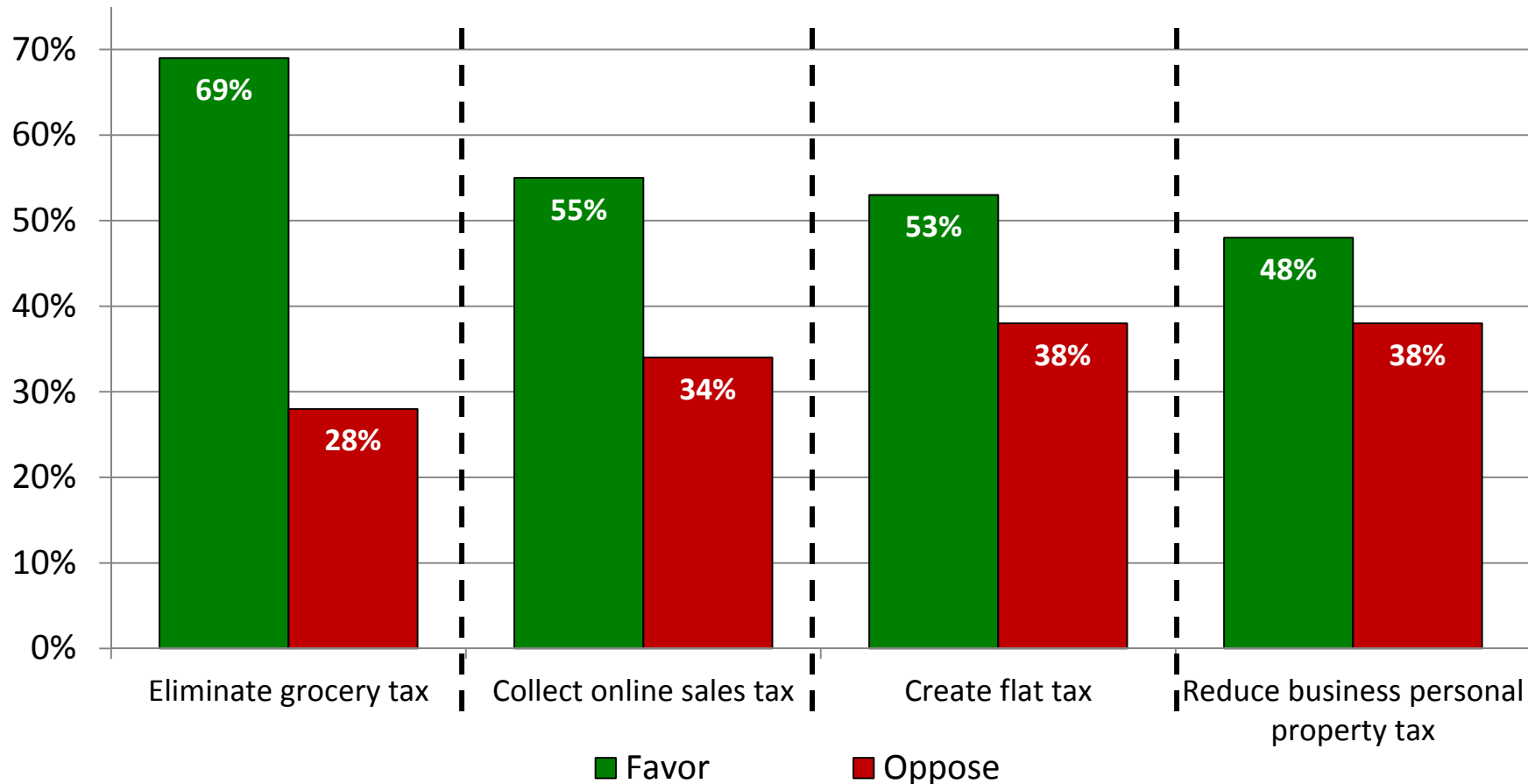


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# *Tax Reform Proposals*

# Majority Support Elimination of Grocery Tax, Collection of Online Tax, and Flat Tax; Plurality Favor Reduction of Bus. Property Tax

## More Popular Tax Reform Proposals



Q.15 As you may know, the Idaho Legislature has a Tax Working Group that is discussing a number of changes to the state tax system. I am going to read to you some specific proposals that may be part of an overall state tax reform plan. For each proposal, I want you to tell me whether you favor or oppose it.



# Voters **STRONGLY** Favor Eliminating Sales Tax on Groceries

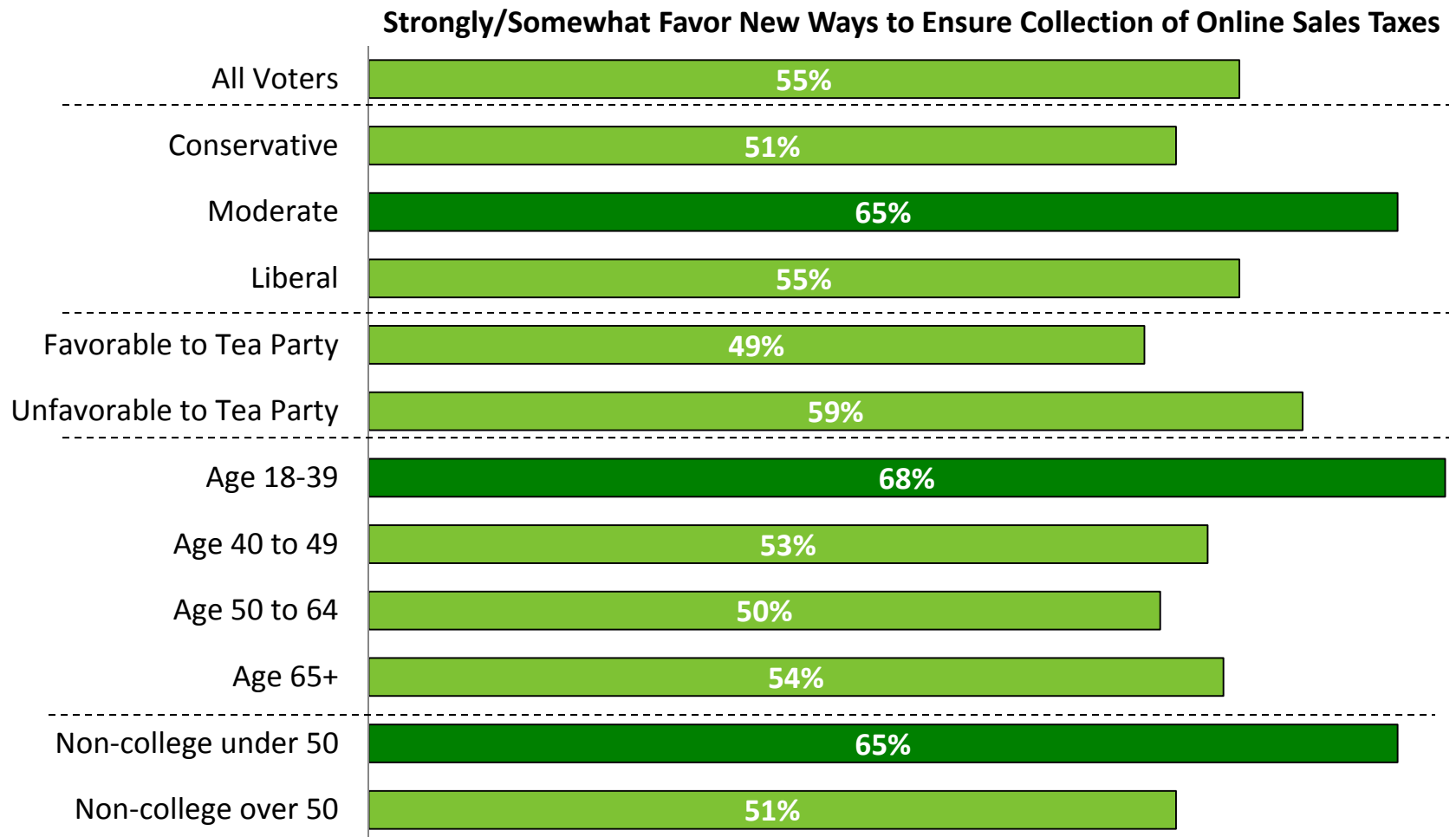
*Other proposals have less intense support.*

## Intensity of Support for Tax Reform Proposals



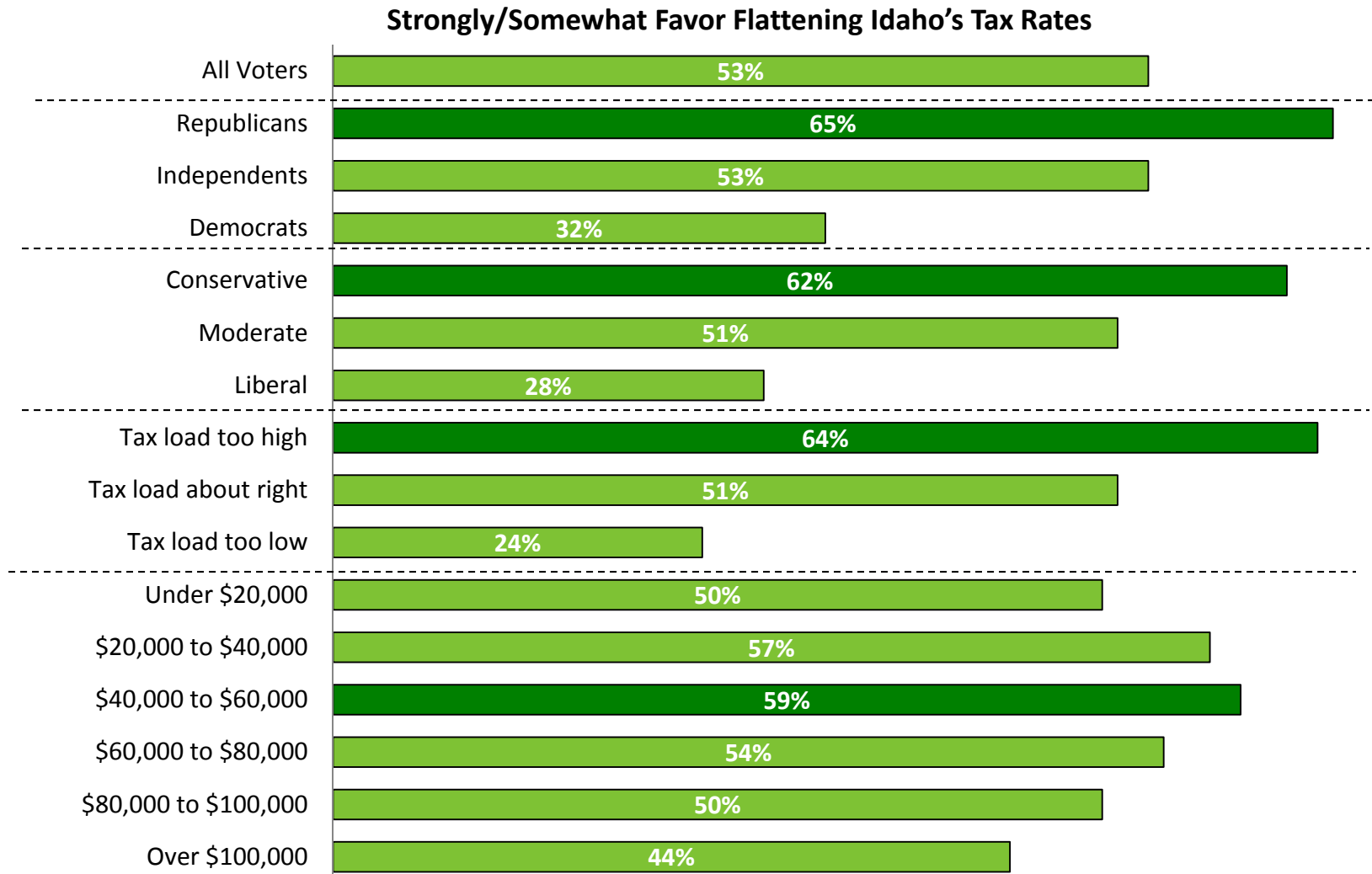
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# Moderates, Young People, Younger Less Educated in Favor of Improving Collection of Online Sales Taxes



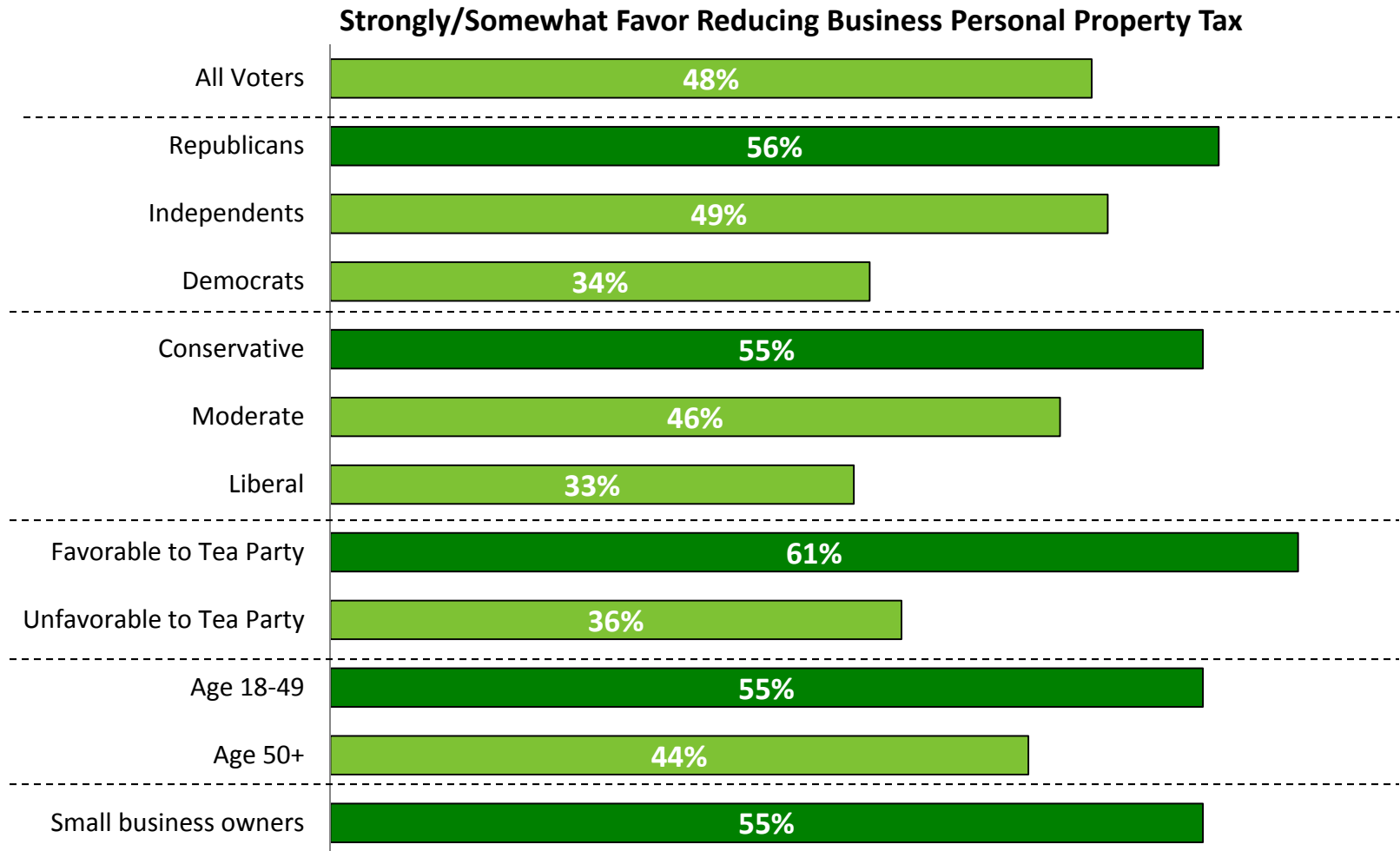
Q.15F. I am going to read to you some specific proposals that may be part of an overall state tax reform plan. For each proposal, I want you to tell me whether you favor or oppose it: *Identify new ways to ensure the collection of online sales taxes and use the revenue to reduce other taxes.*

# Republicans, Conservatives, Tax Sensitive, Middle Income Voters Favor Implementing a Flat Tax



Q.15E. I am going to read to you some specific proposals ... I want you to tell me whether you favor or oppose it:  
*Flatten Idaho's individual income tax rates which range from one point six percent to seven point four percent to one single income tax that everyone would pay.*

# Republicans, Tea Party Supporters, Younger People, and Small Business Owners Favor Reducing Business Personal Property Tax

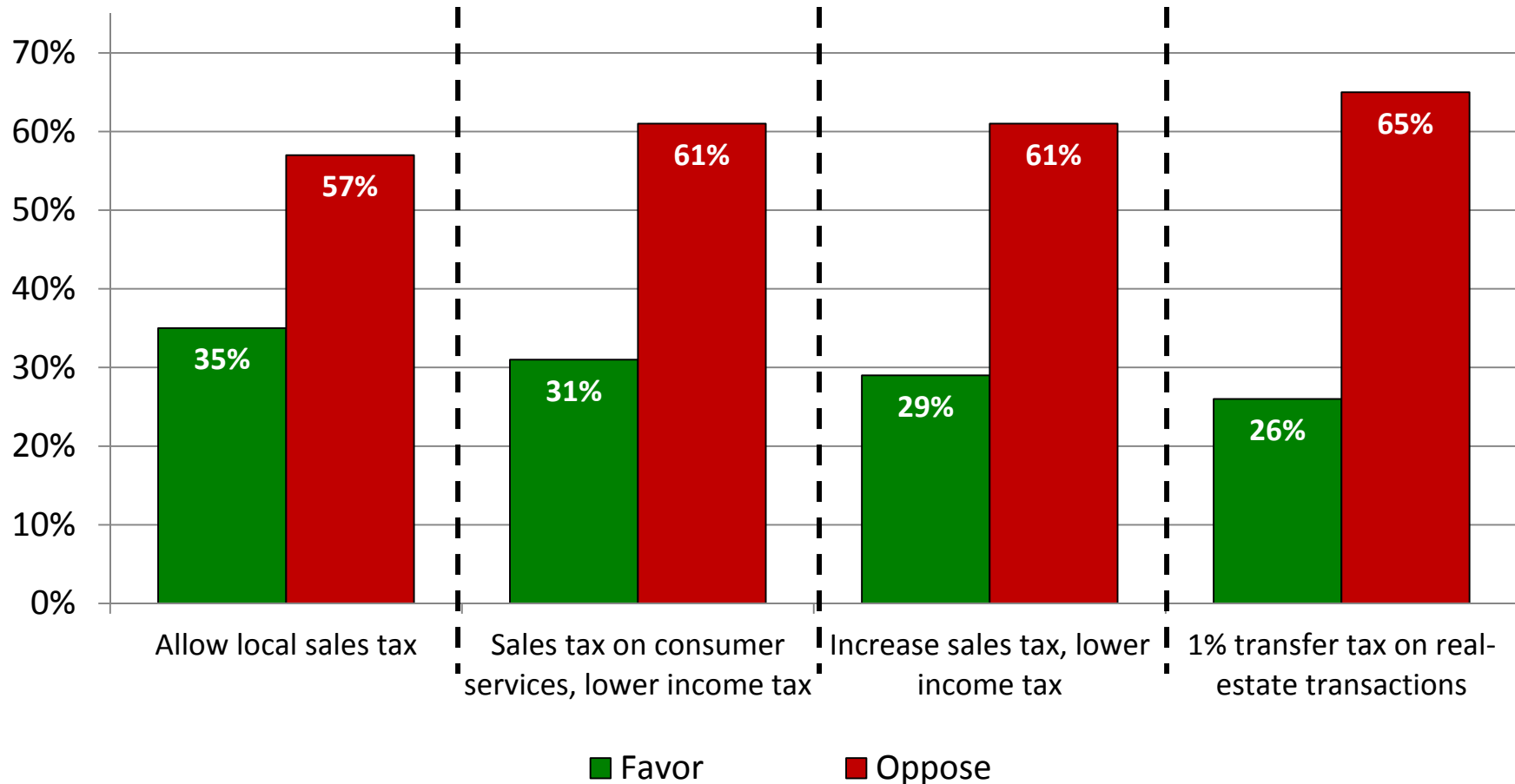


Q.15A. I am going to read to you some specific proposals ... I want you to tell me whether you favor or oppose it:  
*Reduce the personal property tax that businesses have to pay on equipment and furnishings.*

# Voters Opposed to Expanding Sales Taxes or Real-Estate Taxes

*Even if It Means Lowering their State Income Tax*

## Less Popular Tax Reform Proposals

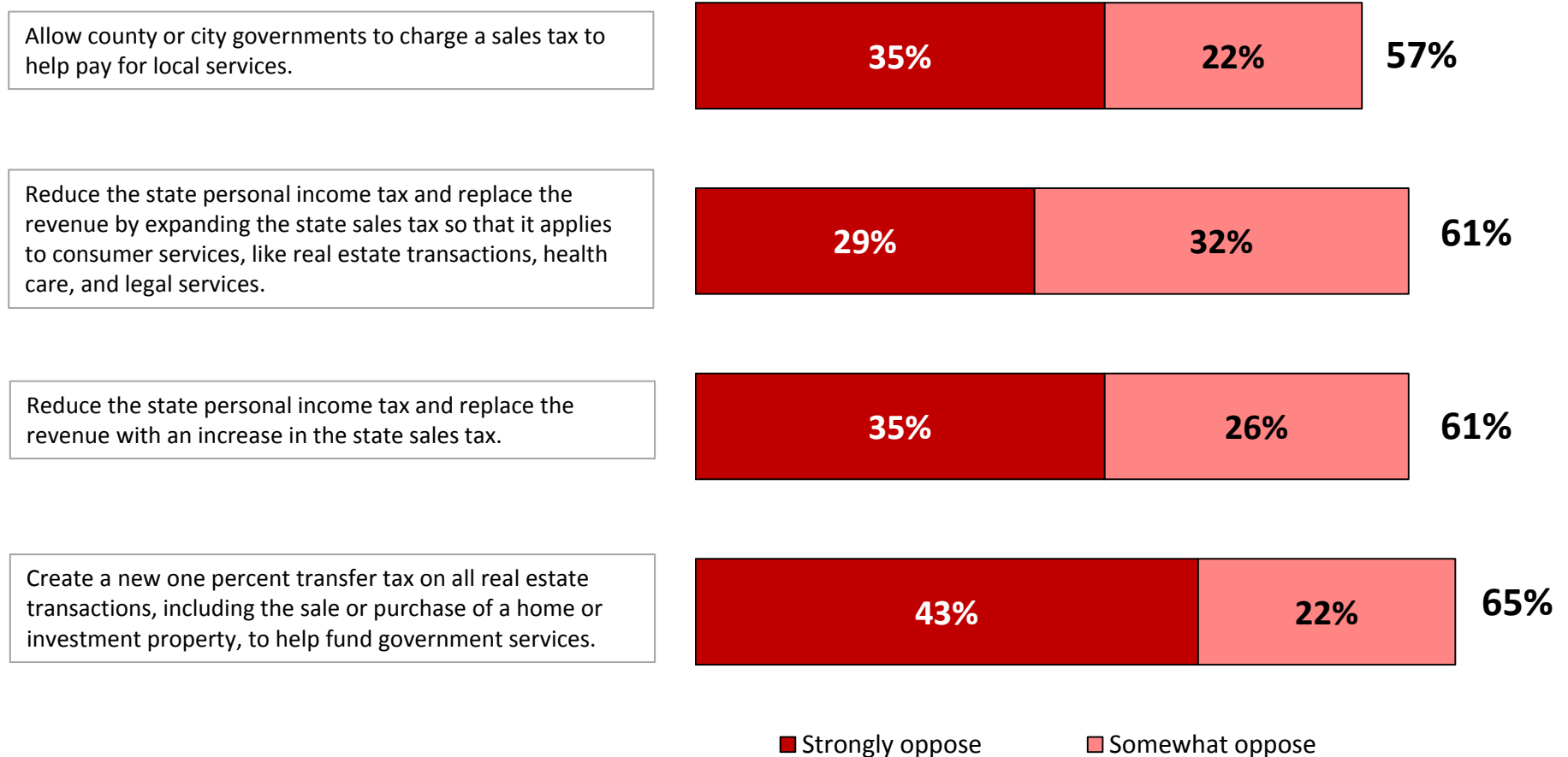


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# Voters Most Strongly Opposed to New Real-Estate Transfer Tax

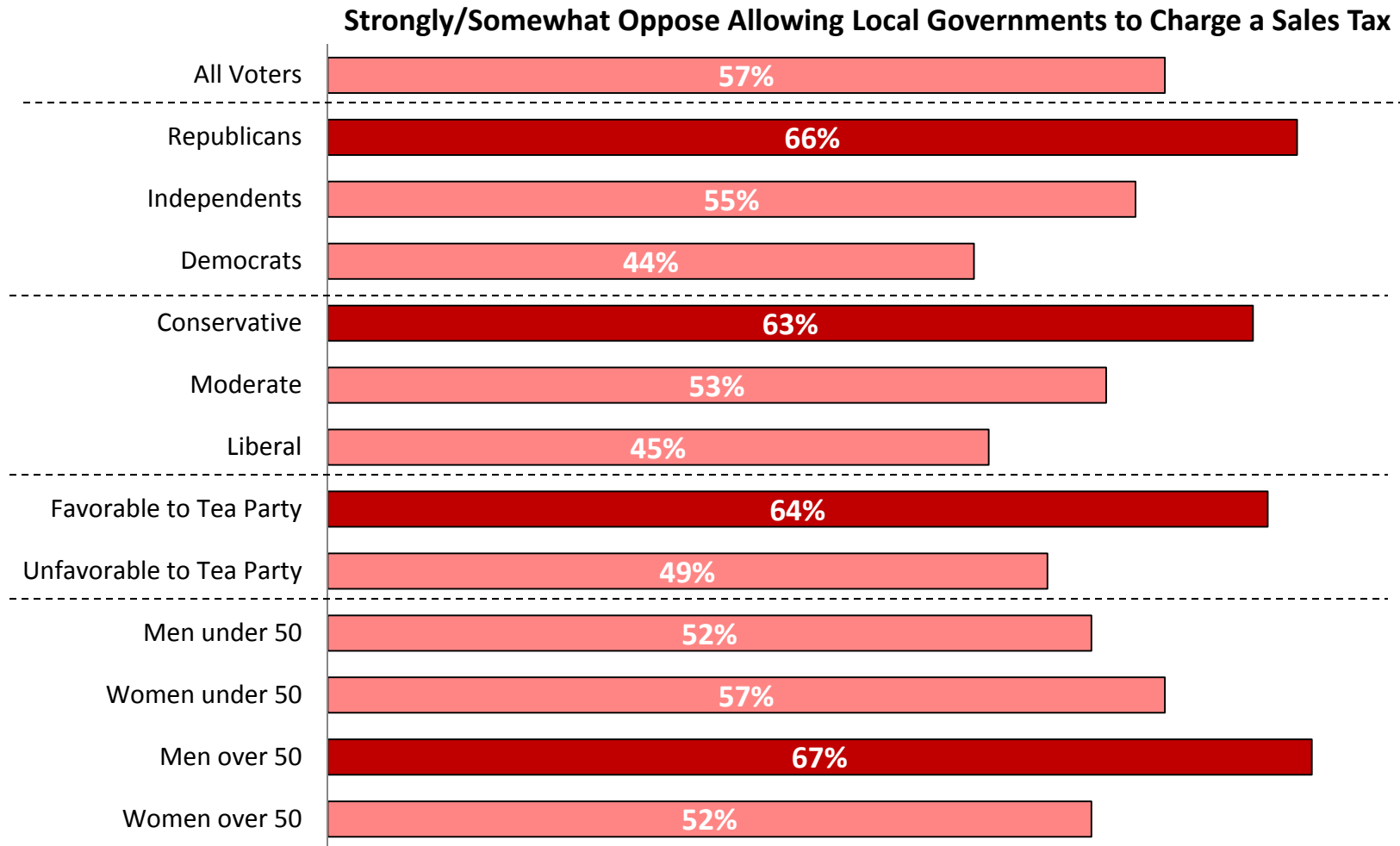
## *Any Increase in the Sales Tax also Unpopular*

### Intensity of Opposition to Tax Reform Proposals



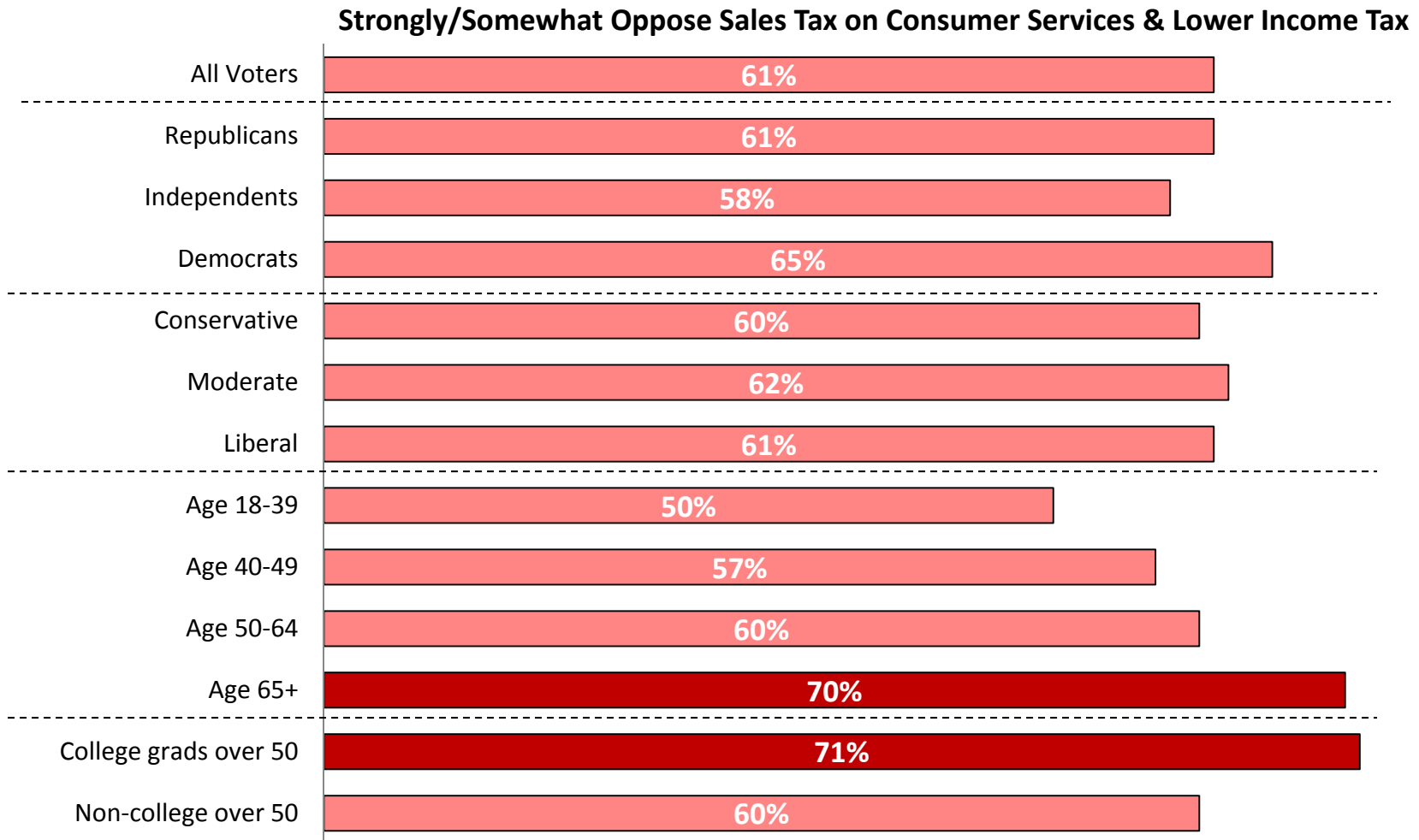
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# Two-Thirds of Republicans, Conservatives, Tea-Party Supporters, and Older Men Oppose Allowing Local Sales Tax



Q.15H I am going to read to you some specific proposals ... I want you to tell me whether you favor or oppose it:  
*Allow county or city governments to charge a sales tax to help pay for local services.*

# Seven-in-Ten Seniors and Older College Graduates Oppose Expanding the Sales Tax to Consumer Services



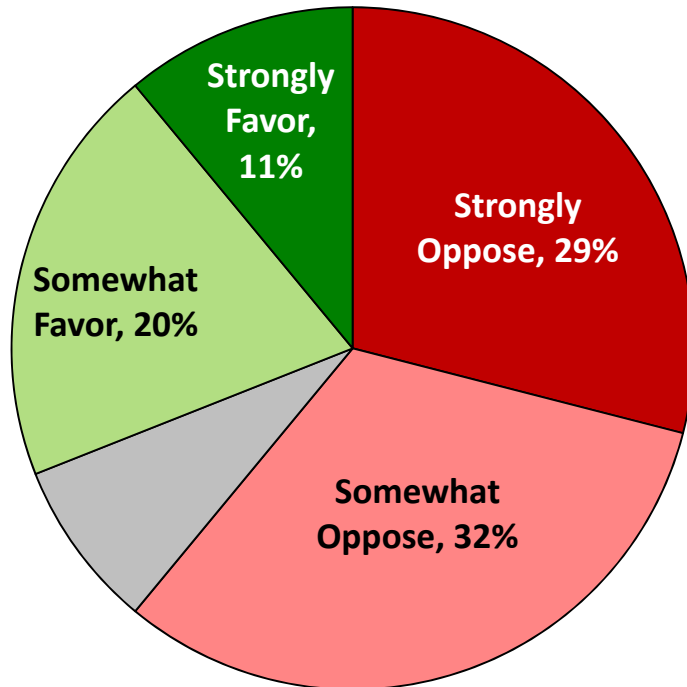
Q.15B I am going to read to you some specific proposals ... I want you to tell me whether you favor or oppose it:  
*Reduce the state personal income tax and replace the revenue by expanding the state sales tax so that it applies to consumer services, like real estate transactions, health care, and legal services.*



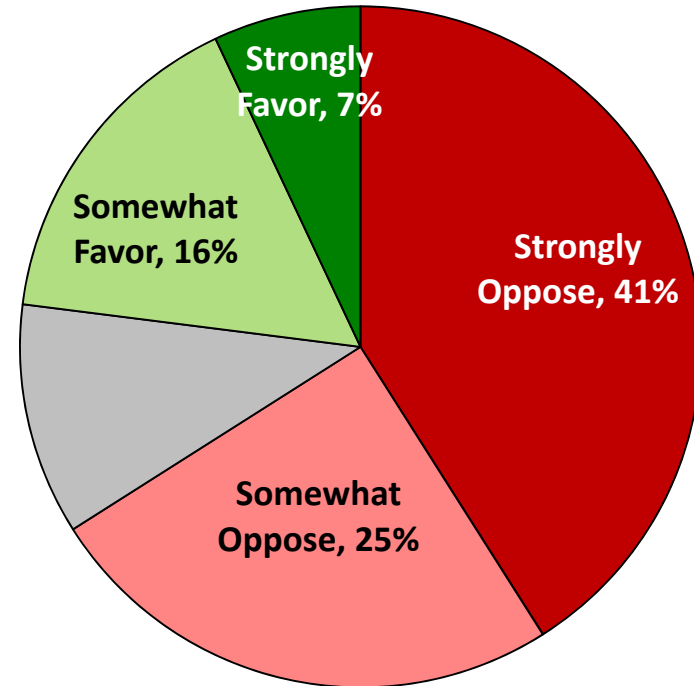
# Voters' Opposition to Sales Tax on Professional Services Increases When They Hear Specifics, Particularly in Intensity

Q.16 As you just heard, one tax reform proposal would reduce the state income tax and replace the lost revenue by expanding the state sales tax to include professional services, like health care, legal fees and real estate. For individuals, this means you would pay less in income taxes, but pay more in taxes at the doctor's office, if you used a lawyer, or bought or sold a home. Supporters say this proposal is revenue neutral, meaning it will bring in the same total amount of tax money as the current system, but from different sources.

**Original Ask (Q.15B)**



**More Details (Q.16)**

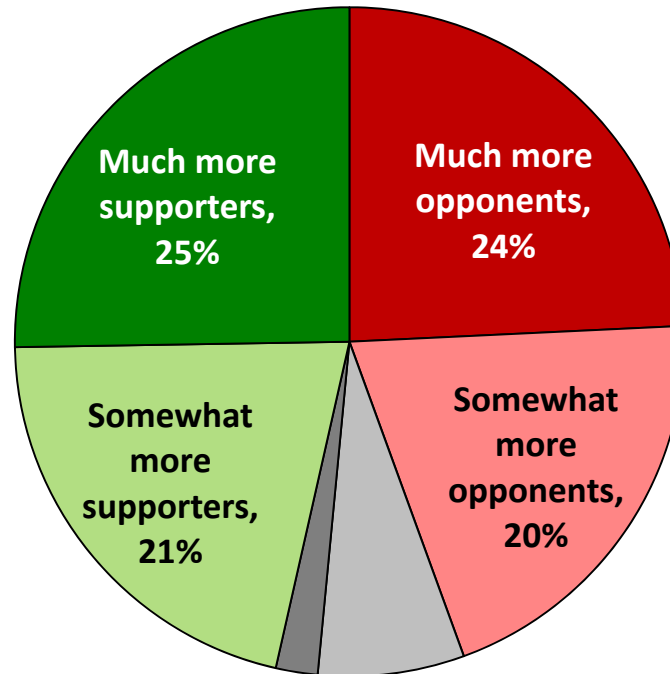


Q.15B Reduce the state personal income tax and replace the revenue by expanding the state sales tax so that it applies to consumer services, like real estate transactions, health care, and legal services.

# Support for Flat Tax Drops after Voters Hear Debate over Proposal

Supporters say a flat tax is simple and fair. Everyone pays the same rate, and there is no way to use accounting gimmicks or loopholes to avoid paying taxes. Wealthy people would pay more taxes than middle or lower income people, because they have a higher income.

**46% Supporters**

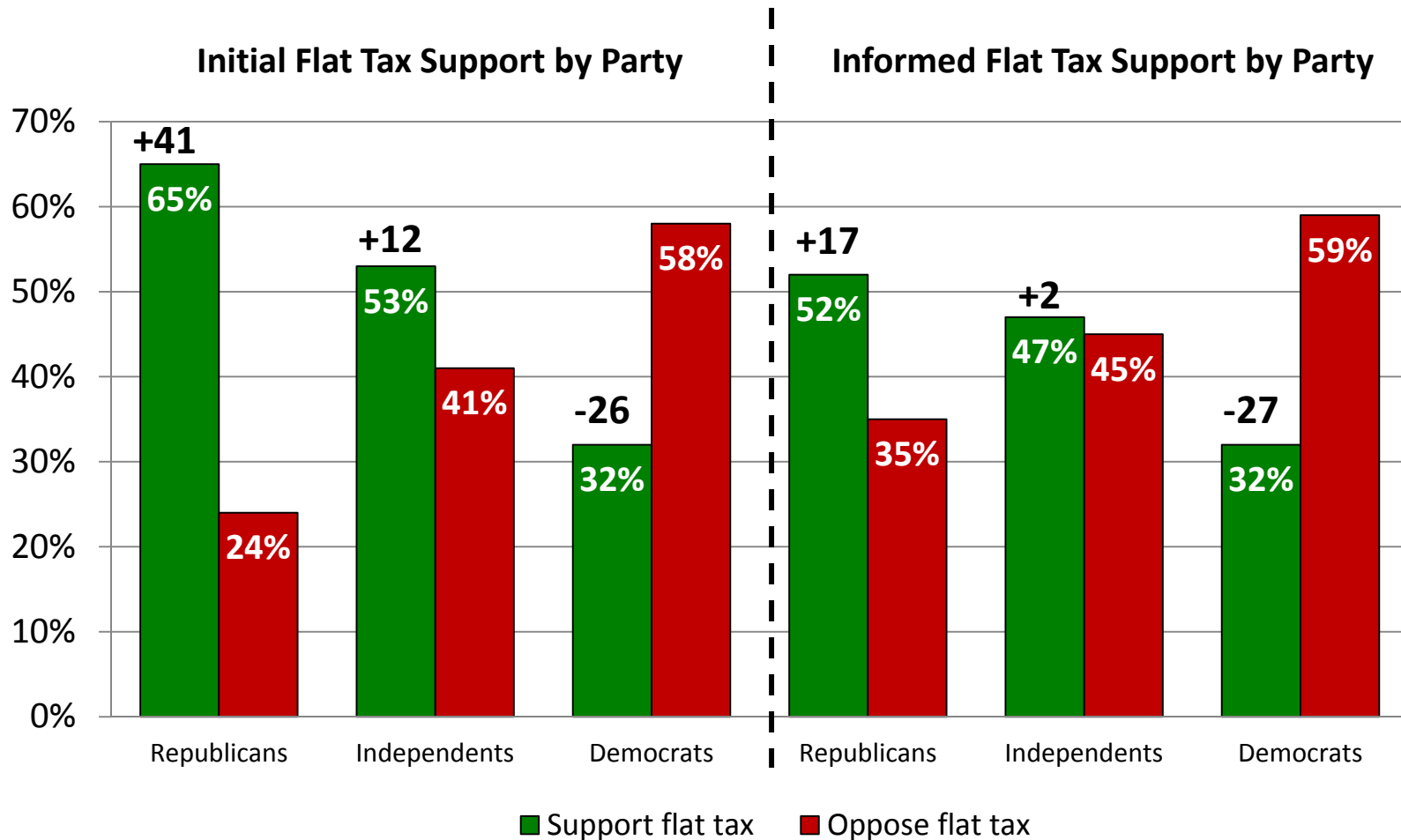


Opponents say a flat tax sounds good, but it is just a way to increase taxes on middle class and working families who would have to pay a greater share of their income in taxes, while wealthy people would have to pay less. A flat tax is really a tax increase on the middle class.

**44% Opponents**

Q.17 One of the other tax reform proposals would flatten Idaho's individual income tax rates. Currently, there are six brackets, with higher income people paying a higher rate in income taxes than lower income people. This proposal would create a single bracket so that all state residents paid the same state income tax rate. I am going to read you statements from supporters and opponents of the state flat tax. Please tell me whether you agree more with the supporters or the opponents, even if neither is exactly right.

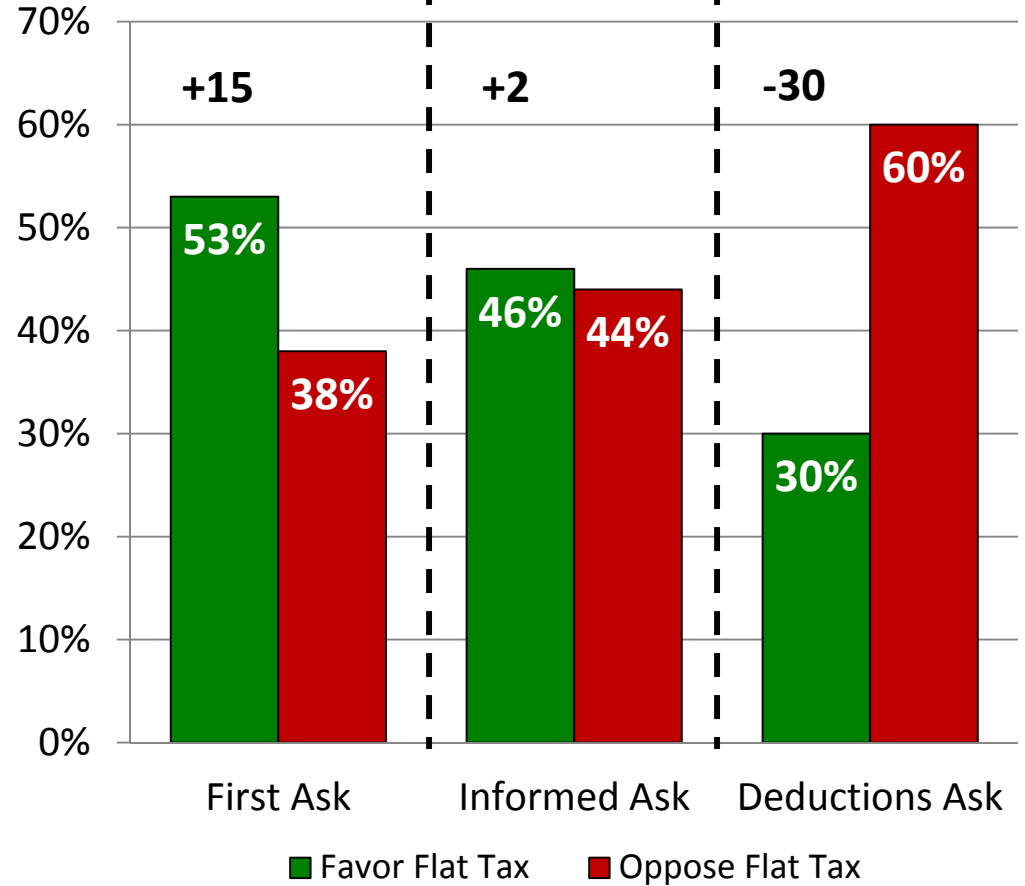
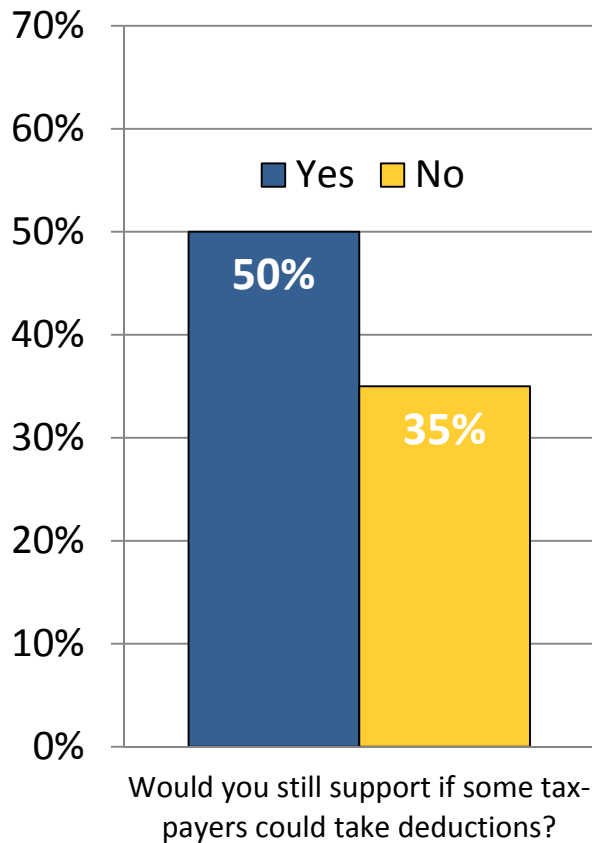
# Republican and Independent Support for Flat Tax Drops After Hearing Arguments from Both Sides



Q.15E. ....Tell me whether you favor or oppose *Flattening Idaho's individual income tax rates which range from one point six percent to seven point four percent to one single income tax that everyone would pay.*

Q.17 I am going to read you statements from supporters and opponents of the state flat tax. Please tell me whether you agree more with the supporters or the opponents, even if neither is exactly right.

# Support For Flat Tax Decreases If Deductions and Exemptions Still Allowed



Q.17 One of the other tax reform proposals would flatten Idaho's individual income tax rates. Currently, there are six brackets, with higher income people paying a higher rate in income taxes than lower income people. This proposal would create a single bracket so that all state residents paid the same state income tax rate. I am going to read you statements from supporters and opponents of the state flat tax. Please tell me whether you agree more with the supporters or the opponents, even if neither is exactly right. (Informed Ask)

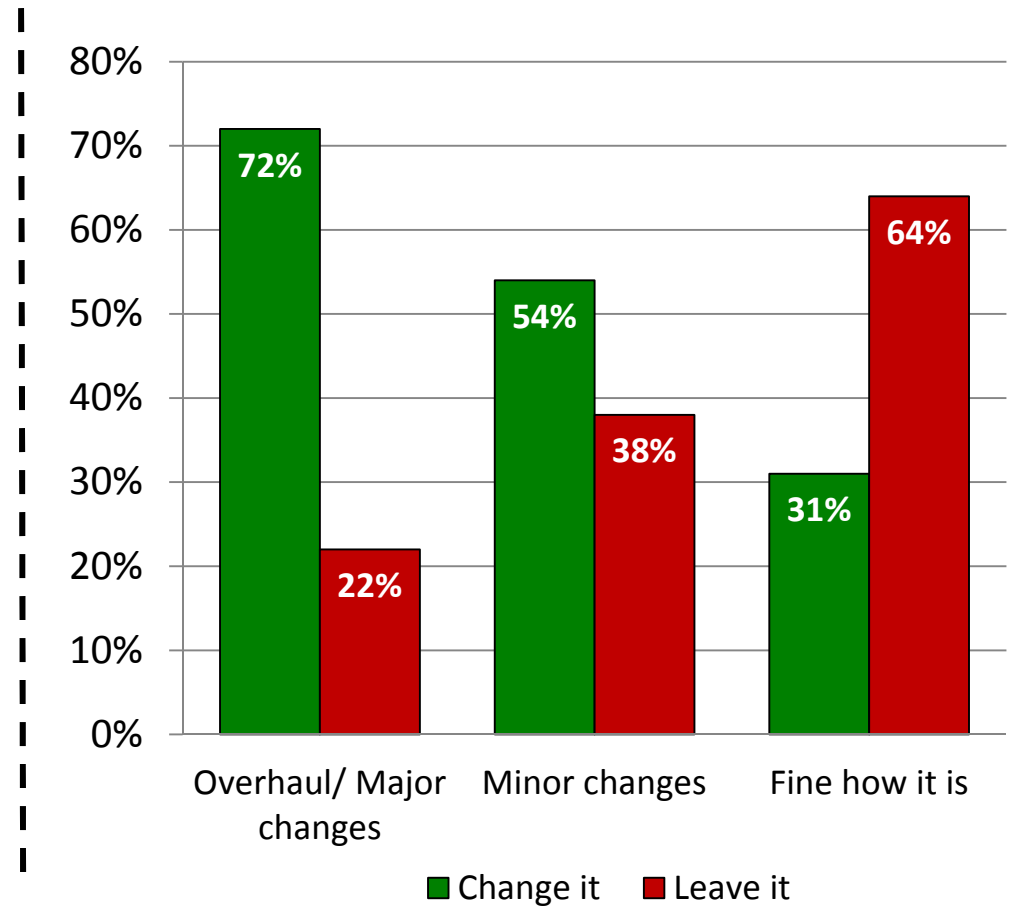
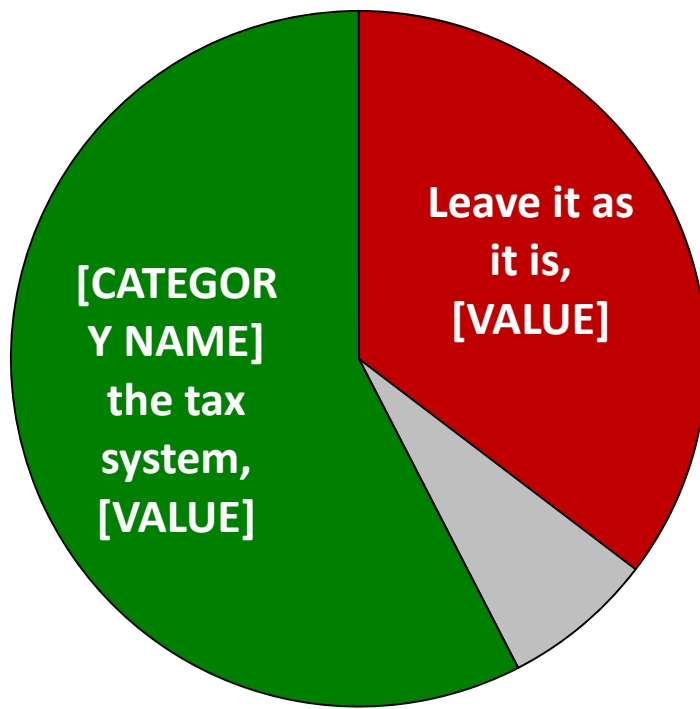
Q.18 [If Support Flat Tax] And yes or no: would you still support this proposal to reduce Idaho's six income tax rates into a single income tax rate if you knew that some taxpayers would still be eligible to take deductions on their income tax, claim tax credits, or receive exemptions? (Deductions Ask)

# *Next Steps on Tax Reform*

# After Hearing Proposals, Majority Want Some Change to the Tax System

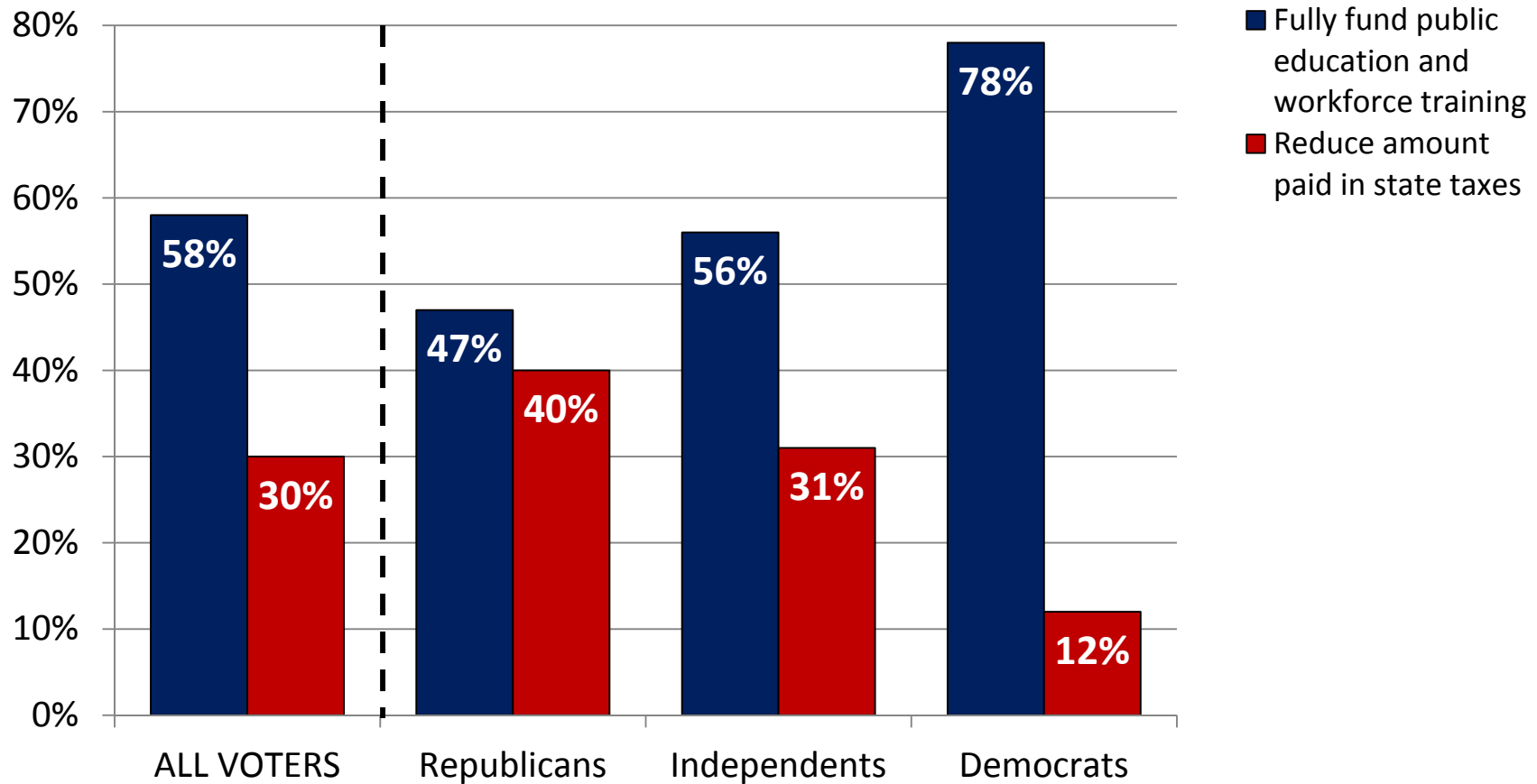
*Half of those who wanted minor changes and a third of those who said it was fine say they want change.*

Change System v. Leave It The Way It Is



Q.19 Now after hearing these different ideas for tax reform, given a choice between changing the state tax system and leaving it the way it is, which would you prefer, changing it or leaving it the way it is?

# Fully Funding Public Education More Important than Reducing State Taxes



Q.20 And thinking again about the state legislature and their priorities, which ONE of the following is more important to you: reducing the amount you pay in state taxes or fully funding public education and workforce training?