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Editor

Now that the dust has settled from the November elections, the real fun begins. Lawmakers throughout the Northwest are convening in their state capitals this week to open their 2003 legislative sessions.

Better them than me. I can't recall a year in recent history that would have been less appealing than 2003 to be an elected official. It looks like a no-win deal from my vantage point.

This year, hard economic times are making the jobs of Northwest lawmakers even more difficult than usual. They aren't alone. A recent report by the National Conference of State Legislatures concluded that more than half of the states are confronting deficits in their fiscal 2003 budgets, with more to come in 2004 and 2005.

Estimated revenue shortfalls in the Northwest states range from \$160 million for the upcoming fiscal year in Idaho to a whopping \$2 billion for the 2004-2005 biennium in Washington. And this is just the money needed to maintain existing programs and service, without even considering any new spending. The picture is just as bleak for most local governments.

In Olympia, the problems facing lawmakers don't stop with balancing Washington's general fund. They also need to come up with some money for road construction.

The state's highway system is in big trouble, thanks to a series of financial blows that Washington voters have dealt to themselves at the ballot box in recent years. The most recent was November's failure of Referendum 51, which would have generated \$7.7 billion for transportation projects.

Most everyone could see the R-51 train wreck coming from the day last year when the legislature decided to place the decision on the statewide ballot rather than handle the issue itself, which lawmakers should have done years ago. I agree with Roland Dewhurst, CEO of Associated General Contractors of Washington, on this one.

"The loss of Referendum 51 puts the responsibility for transportation funding back with the State Legislature, which has had many opportunities to resolve this issue in the past," Dewhurst said in a

statement following the election. "It is time for the legislature to play a true leadership role and set a sound transportation policy and program for the future."

Roland is absolutely right, but I would say the chances of this happening during the 2003 legislative session are somewhere between slim and none.

Add to that the newly raised – or better I should say re-raised – issue of enacting a state income tax. A blue-ribbon panel appointed by the Democratic governor floated this old chestnut shortly after the election. The panel pointed out that Washington's reliance on sales, business and property taxes makes government revenues especially vulnerable to swings in the

economy. As has happened repeatedly in the past, the income-tax plan made a dull thud as it landed in the bottom drawer of a file cabinet somewhere in Olympia.

This made it particularly amusing to me when I read an opinion piece from a Montana newspaper recently

that made just about the exact opposite proposal. The Republican legislator who wrote it said Montana, which relies heavily on a state income tax, needs a sales tax. Well, maybe.

Oregon, which also has no sales tax, will vote Jan. 28 on a proposal to raise its income tax for three years. The legislature came up with this idea in the course of holding five special sessions during 2002 to try to plug Oregon's economic leak.

If Oregon voters say no, \$310 million in across-the-board cuts will kick in on Feb. 1. But even if they say yes, state revenues will still fall short by \$126 million, according to figures released in November. That doesn't sound like much fun for incoming Gov. Ted Kulongoski and the legislature to me.

Then there is Alaska, where the GOP is grinning ear-to-ear after having taken full control of state government in the November election. According to the latest revenue forecast, improved oil revenue figures could close Alaska's \$1.2-billion fiscal gap projected last year by 40 percent to 50 percent. That's good news, I suppose, but we are still talking about \$600 million or more. I wouldn't be grinning about that.

Best of luck to all of the Northwest's elected officials in this most difficult and frustrating year ahead. If you get a spare moment, please give some thought to the value of a strong construction program. The industry can help if given the chance. □

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