

LEAVITT'S BUDGET IS RIGHT FOR DEMOS

Kimberley Murphy THE ASSOCIATED PRESS.

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When Republican Gov. Mike Leavitt unveiled his proposed budget with millions of dollars for education and social programs, Democrats were ready to adopt him as their poster boy.

His record \$5.4 billion budget would set aside funds for schools, transportation, jail beds, crime victims and child welfare. With \$500 million in new money, few programs would go wanting.

And that's just fine by Democrats.

"We would have liked Gov. Leavitt to be our nominee when he announced his budget," said Senate Minority Leader Scott Howell, D-Sandy. "He fulfilled every criteria that we would have liked a Democratic governor to have."

Indeed, some Republicans figure Democrats are happier with Leavitt's budget blueprint than are members of his own party.

"I don't think Republicans are displeased with the governor's budget proposal," said House Speaker Mel Brown, R-Midvale. "But I don't think they would buy all of it."

Rep. Bill Hickman, R-St. George, said Leavitt's proposal has merit. "But let's not open the doors. Let's do the things that are absolutely necessary and then let's get a reduction in taxes."

GOP leaders are looking at a tax cut of at least \$90 million to \$150 million -- and as high as \$185 million. Taxes on property would be sliced, but Republicans have not ruled out cuts in other taxes as well.

Democrats want to see programs funded first, and would be most likely to support a cut in sales taxes.

Democrats note that while Republicans are proposing substantial tax cuts this year -- when all 75 members of the House, half of the 29-member Senate and Leavitt are up for re-election -- they also have talked about hiking the state's gas tax next year. Such a tax would finance massive improvements to urban interstates.

"There's a lot of gamesmanship in an election year to see who can give taxpayers the biggest gift," said Assistant Minority Whip Rep. Grant Protzman, D-North Ogden. "I find it just ironic that the majority party is falling all over itself about how much it can cut taxes this year, while still increasing taxes next year."

Leavitt has proposed cutting taxes by \$75 million, but has not said which taxes or how they would be cut. He said he would support a higher tax cut, but only if revenue estimates are even higher than projected and if he and lawmakers decide it's the best way to use part of the \$205 million in revenue surpluses and \$385 million in new tax growth.

"My view has been that when you have satisfied the legitimate needs of government, there is one other area that needs to be represented and that is the needs of taxpayers," Leavitt said.

While he waits to see the "dynamics of how it all shakes out," Leavitt also has made funding for education and transportation among top priorities.

He is recommending \$150 million for transportation, much of which would be dedicated to a Centennial Highway Endowment to be used solely for construction of highway projects.

Leavitt also would put \$181 million of new and surplus dollars toward education. His public-education

budget is nearly \$1.9 billion, a 9 percent increase above last year's \$1.7 billion.

Only three departments would see cuts under Leavitt's budget proposal -- Administrative Services, Economic Development and Human Resources, and Environmental Quality.

Leavitt, Democrats and Republicans concede that a surplus of cash complicates things.

``It's more difficult the more money we have," Assistant House Majority Whip Kevin Garn, R-Layton said. ``Even though there is probably enough money to take care of our needs, there are always concerns about where that money will go. . . . there is a higher expectation because there is so much money."

One problem is that the Legislature will have to amend the state's spending caps to spend much of the \$500 million available. In the late 1980s, lawmakers passed a spending-cap statute limiting government growth to a formula based on population, inflation and other factors.

Hickman would rather preserve the spending caps while reducing revenue through tax cuts. ``We can continue to grow in an orderly fashion and still maintain those caps," he said.

The governor believes the state can justify pouring millions into highway work even with the spending caps. That's because bonding is exempt from the spending cap and the state is allowed to bond for road improvements. The move still would require an amendment to law.