

The constitutional mess Jim Risch left behind

Marty Trillhaase/Lewiston Tribune

Before he got elected to the U.S. Senate, Jim Risch served a few months as Idaho governor.

Lieutenant governor at the time, Risch rose to the job in mid-2006 when Dirk Kempthorne got the nod to serve as President George W. Bush's interior secretary.

Risch could have left well enough alone.

Instead, he called a one-day special session of the Idaho Legislature.

Then he imposed his will.

But you already know that.

Before it was over, Risch had passed a supremely consequential tax change. Rather than pay \$260 million in property taxes to help schools, the governor grafted public education maintenance and operation support entirely onto the general fund. To pay for it, he backed a penny increase in the sales tax, then worth about \$210 million.

Wealthy people with expensive homes and corporations - Risch among them - paid less tax.

Lower- and moderate-income families - especially those who rent their homes - probably paid more in sales taxes than they saved in property tax relief.

You heard about that as well.

The Risch plan destabilized public school funding. Whatever else you want to say about them, property taxes are reliable. Tied to consumer confidence, sales taxes are volatile. When the Great Recession hit, sales taxes disappeared and lawmakers were forced to slice into the public school budget. Only a \$100 million state reserve and the Obama stimulus package restrained the cuts from going deeper.

No news there.

Even the property tax relief was fleeting. To make up for school cuts from the state, communities banded together and agreed to impose voluntary property taxes - called supplemental levies - to make up some of the difference. When Risch passed his plan,

schools across the state had imposed about \$79 million worth of supplementals. As of last year, Idahoans were paying \$140 million in voluntary property taxes and counting.

Again, that's yesterday's newspaper.

And if you were paying attention, you knew this relief was creating a gap between children in well-to-do districts and those unfortunate enough to be stuck in the poor sections of the state.

For instance, 81 of Idaho's 115 school districts mustered enough support to pass supplemental levies last year. That leaves 34 school systems where students are reliant entirely on the bare-bones budget provided by state lawmakers.

Not only is there a schism between districts with the political will to raise local funds, but there's the ability to pay among those school systems relying upon supplemental levies.

For instance, a property-tax rich district such as McCall-Donnelly has \$4.7 million of assessed valuation behind every one of its school students.

That compares to \$1.4 million per student in Teton County.

In Coeur d'Alene, it shrinks down to \$889,772 per student.

Boise's property tax base translates into \$713,400 per student.

The taxable value of Moscow comes to \$553,767 per school child. In Lewiston, the figure comes in at \$468,733.

Then there are the property-tax poor districts. Caldwell gets by with \$194,397 per student. At Blackfoot, it's \$160,887 per student. Snake River in rural Bingham County comes in last at \$153,437 per student.

For a student lucky enough to live in a property-tax rich district, it means he'll likely attend a better-funded school. Those kids who live on the other side of the tracks, so to speak, will make do with less.

That's been increasingly apparent in the six years since Risch served as governor.

What you may not realize is how unfair all of this is to the taxpayer. And here's the real zinger: The poor old taxpayer has rights. And Risch's tax shift abrogated those rights.

So says a new study by Idaho's former chief economist, Mike Ferguson. Now director of the Idaho Center for Fiscal Policy, Ferguson took one look at Risch's plan and offered something new:

Under the old M&O levies, taxpayers across the state paid the same rate - and their kids' schools got the same amount of money whether they attended class in Snake River, Boise or McCall.

Risch's tax shift replaced equalized M&O levies with unequalized supplemental levies.
What that means is a

homeowner in Snake River will have to pay 30 times more than someone in McCall just to raise the same amount of cash for his school.

And that, observes Ferguson, violates this section of Idaho's constitution: "All taxes shall be uniform upon the same class of subjects. ..."

Eventually, one taxpayer is going to tire of paying 30 times more tax than his neighbor and will ask the courts whether the state constitution means what it says.

When that day comes, Risch's legacy as governor will be complete. - M.T.