

Risch raised taxes and you're stuck with it

Marty Trillhaase, Lewiston Tribune

As much harm as Gov. C.L. "Butch" Otter has delivered during his 12-year run - whether it's cronyism, education cuts or botched contracts - he cannot approach the damage Jim Risch inflicted in only eight months.

Ten years ago - long before he left Idaho to become its junior U.S. senator in Washington, D.C. - Risch was serving as the state's lieutenant governor. When President George W. Bush tapped Gov. Dirk Kempthorne for interior secretary, Risch filled the vacant term and was second banana no more.

Not content to be a caretaker, Risch summoned the Legislature back to Boise and in a one-day special session rammed through one of the most profound changes this state has ever seen.

No longer would public schools be entitled to a predictable property tax levy to support a portion of their maintenance and operation expenses. To compensate the schools for the lost money, Risch and his GOP legislators tacked a sixth penny on the sales tax.

Every warning against the move went unheeded - often because the acting governor dismissed criticism as partisan talking points.

But year by year, the evidence has mounted.

First came the tax shift. People who weren't earning about \$135,000 in 2006 dollars - especially renters but also most middle-class homeowners - paid far more in new sales taxes than they'd ever save from the property tax cut. Corporations and wealthy landowners - including Risch - made out.

Next came the fallout for schools. Whatever its faults, the property tax was a stable source of money. Not so with state sales and income taxes, which cratered when the Great Recession kicked in two years later. Risch's M&O tax shift is chief among the reasons the share of Idaho's personal income devoted to public schools dropped 25 percent since the turn of the century - the equivalent of more than \$500 million every year.

To compensate, patrons voluntarily raised property taxes on themselves. But these so-called supplemental levies were a misnomer; they now paid for the basics. If you doubt it, consider the panic the Troy School District endured last summer when voters initially rejected a proposed supplemental levy and briefly flirted with the idea of relying solely on state education support.

At least the M&O tax levy equalized revenues among rich and poor districts. Relying on these new property tax levies widened the gap in a state where a wealthy school district, such as McCall, has roughly 30 times the tax base of its poorest communities, such as the Snake River School District.

Now comes the final verdict.

As Idaho Education News' Kevin Richert reported last month, Risch's so-called tax cut is no such thing.

Richert pegged the value of Risch's tax break at \$303.1 million. Then he deducted the \$107.6 million more Idahoans pay in supplemental levies than they did in 2006. Finally, Richert pegged the cost of Risch's sales tax increase at about \$217 million.

Net result: Idahoans are paying \$21.7 million more in taxes than if then-Gov. Risch had left things well enough alone.

The burden is not shared equally.

Richert found 18 districts that are getting by with less money than they received 10 years ago - often because voters have not approved higher supplemental levies and/or falling enrollments have triggered losses in state funding.

In north central Idaho, these include Kamiah, Lapwai and Culatesac.

Another 26 districts have gained ground. But many of them - such as Moscow and Troy - have done so by increasing the local tax burden.

No one is left unscathed by this. Not school children. Not their parents. Not their communities. Not the taxpayers. And not the economy.

And what Risch left behind is irrevocable. When Richert surveyed lawmakers still in office 10 years after they voted for the tax shift, virtually none was willing to reverse his error.

Neither is Risch, who told Richert: "I'm willing to bet that you will never see it go back." - M.T.