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## Psst. Buddy. Want a vacation home cheap?

- **December 10th, 2009**
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Say you had an investment portfolio worth about \$252 million.

An investment broker offers you a return of 1.7 percent.

Would you take it?

Hardly. You could do better with a savings account.

So why is the state of Idaho satisfied with such meager results?

Idaho owns about 157 cottage sites at Payette Lake, including 62 waterfront lots, and 354 lots at Priest Lake.

Each year, the people leasing those sites pay \$4.3 million.

As land values have fluctuated, lease payments at Payette Lake have been frozen for three years. At Priest Lake, they've been frozen for two years. Doing that has deprived the state of another \$2 million.

Three consultants told the Idaho Land Board it should be charging rents equal to at least 5 percent and maybe 8 percent of the lot values. That's what the leases would bring in the private marketplace.

So the state is losing anywhere from \$8.3 million to \$15.7 million.

Because the sites are state-owned, no property tax is collected on the lots although the cabin owners pay tax on the improvements.

The rents are so low that the state has inadvertently created a market buying and selling the cabin site leases. Potential clients see value in the opportunity to get vacation home land locked-in at a bargain-basement rent, and are willing to pay a premium.

Again, the state loses out. It gets 10 percent. The seller gets the rest. Since 2003, the state has lost \$21.2 million on 79 lease sales in this manner.

Now you could say the state just runs a crummy business. That's a luxury it does not have.

As Attorney General Lawrence Wasden pointed out in an opinion released in August but just now picking up momentum, those sites are part of Idaho's endowment lands. The state is constitutionally mandated to seek the maximum return for the benefit of the endowment - much of which is supposed to fund Idaho's public school classrooms. Period.

In doing so, Wasden is carrying on an argument last made by former Republican schools Superintendent Jerry Evans.

But both have confronted the squeaky wheel of Idaho politics. Each of those cabin sites has a family who is willing to play on the emotions or self-interest of the five elected officials who sit on the Land Board. Besides Wasden, they include Gov. C. L. (Butch) Otter, Secretary of State Ben Ysursa, Superintendent of Public Instruction Tom Luna and Controller Donna Jones.

Each of those leaseholders - and their politically connected representatives - is a real voice and a real vote. Meanwhile, the thousands of Idaho school children who lose in this deal go unheeded and unnoticed. Even as school budgets are being reduced this year - and probably will be cut even more next year - the pleas of someone crying poverty about the rent he's required to pay on a vacation home matter more.

Leaseholders insist Wasden has it wrong. Raise the rents too high and nobody will pay them. The state will get nothing.

But Idaho is facing a budget crisis. Could we just agree for the duration of the economic emergency that a temporary surcharge on Payette and Priest lake vacation homes is a price worth keeping 100 or so Idaho teachers in the classrooms ? - M.T.