

# Homeowners find few friends in Legislature

**Marty Trillhaase/Lewiston Tribune**

Before you trust Rep. Janet Trujillo or anyone else in the Idaho Legislature with your Homeowners Exemption, you'd better consider where those lawmakers have been.

Because they certainly have not been on your side.

Consider this simple equation: Property taxes are a zero-sum game. If the homeowner pays less property tax, someone else must pay more.

Guess who?

It's the very business and natural resource interests that bankroll legislator campaigns and then lobby lawmakers once they arrive in Boise.

In the early 1980s, businesses were getting discounted property taxes while homeowners were being gouged.

In 1982, Idahoans had enough. They went to the polls and passed an initiative creating the 50-50 Homeowners Exemption. It provided half the taxable value of a home - but no more than \$50,000 - could be erased. That was a break for the middle class because in 1982, most homes cost less than \$100,000

So more of the burden shifted back to non-residential property owners - until inflation kicked in. By the turn of the century, the cost of a typical home in many parts of Idaho was eclipsing the \$100,000 mark, eroding the tax break.

Facing public pressure it could no longer ignore, the 2006 Legislature adjusted the maximum exemption to \$75,000 and then indexed it for inflation in the succeeding years.

This revised Homeowners Exemption began to operate as intended. As housing values increased, so did the maximum benefit.

For example, in 2007, the umbrella expanded to cover residences valued as high as \$178,650. Two years later, it reached a peak of \$208,942.

Then the real estate bubble burst.

As housing prices collapsed, so did the Homeowners Exemption cap. During the next four years, it declined, bottoming out in 2013.

That year, any residence valued at \$162,000 or less could deduct half its taxable value - or \$81,000. Any home worth more would not get the entire exemption.

Then, as home values began recovering, so did the Homeowners Exemption cap.

By 2014, you could get the full 50 percent benefit with a house worth \$167,840. This year, it hit \$189,490.

A good bet is that the improving housing market will drive the index-pegged cap to \$200,000 in 2017.

Which is just where Trujillo, R-Idaho Falls, wants to freeze it.

"Stability and predictability for taxpayers is a far better way to go," she said.

Better than what?

Homeowners have been waiting eight years to redeem the promise lawmakers made when they indexed the Homeowners Exemption. Last week, the Republican-led House voted 55-15 to renege on it and sent Trujillo's bill to the Senate.

Among those voting in favor was Rep. Dan Ruldolph, D-Lewiston, which is a bit curious. Rudolph opposed Trujillo's bill when it was before the House Revenue and Taxation Committee.

If the Senate goes along, the index will begin to melt away. As housing values escalate beyond the \$200,000 price mark, the reach of the Homeowners Exemption will evaporate - just as it was doing in the years leading up to the 2006 revisions.

The tax burden will shift. Homeowners will pay more. Businesses will pay less.

If you think that's an accident, we've got some real estate to sell you. - M.T.