

Don't blame assessors for Legislature's tax shift

Marty Trillhaase/Lewiston Tribune

Nez Perce County Assessor Dan Anderson is right: Just because the assessed value of your home is rising - perhaps by tens of thousands of dollars - is no reason to panic.

Under the circumstances, you can expect levies to drop, thereby keeping your overall property tax bill in check. For instance, if your assessment expands 5 percent and your levy falls by the same amount, you're likely to feel no ill effects.

For now.

The problem is Idaho's lawmakers set off a tax shift that perpetually will sting homeowners to the benefit of commercial, industrial and agricultural property owners.

Idaho's Homeowners Exemption shields most owner-occupied residences from the full brunt of the property tax.

For almost a decade, that exemption has been pegged to a real estate inflation index. When property values skyrocketed during the middle part of the last decade, so did the benefit.

By 2009, you could own a house worth up to \$208,942 and still deduct half its value from property taxes.

When the housing market plummeted during the Great Recession, so did the tax break. At the bottom of the market in 2013, the exemption's full coverage dropped to homes worth \$162,000.

Since then, the index has recovered with the housing market. Today, it fully covers a house worth up to \$189,400. Next year, it's projected to reach \$200,000.

Which is where the GOP-led Legislature froze it.

Property values, on the other hand, aren't frozen. They're still going up. As the value of your home reaches and exceeds \$200,000, a greater share of it will be taxed.

In Nez Perce County, the \$200,000 house club is growing.

Last year, it had 1,122 members.

This year, it's up to 1,624.

Meanwhile, the value of the average Nez Perce County home is up 8.7 percent - to \$192,517 from \$175,740 last year.

It's going to be even worse in counties where property already is expensive - such as Kootenai, Latah, Valley, Boise, Ada, Blaine and Teton counties. Earlier this year, the State Tax Commission said at least 45 percent of the homes in those counties are priced at the top of the Home-

owners Exemption range and therefore are more exposed to property taxes. By contrast, anywhere from 30 to 45 percent of Nez Perce County's homes fall into that category.

Even a year before the law takes effect, some homeowners are feeling the pain:

- Last year, a Lewiston home assessed at \$168,482 fell under the Homeowners Exemption's cap of \$189,490. Half its value - or \$84,241 - was subjected to a 2 percent levy, generating a tax of \$1,685.

This year, the home's assessment rose to \$202,857 - just outside the current exemption's cap. Levies have not been set, but assume for the sake of argument they fall by about 5 percent. Because more of this property's value - in this case about \$108,112 - is exposed to the levy, that homeowner's bill could rise by \$369.

- Or consider a Lewiston home worth \$191,095. After taking the Homeowners Exemption, its owners were left paying tax on an assessed value of \$101,515 - which generated a bill of \$2,030.

This year, their house is assessed at \$213,852, which means the Homeowners Exemption will leave them paying tax on \$119,107. Even if levies were to fall 5 percent, these owners could see their tax bill rise by \$233.

These are just the early birds. Beginning next year, they'll have more company as owners watch the value of their homes inflate beyond the exemption's reach. Their taxes will rise accordingly.

When that happens to you, don't pick up the phone and chew out Anderson or his fellow county assessors across the state.

Instead, call one of those lawmakers who thought this was such a swell idea. - M.T.