

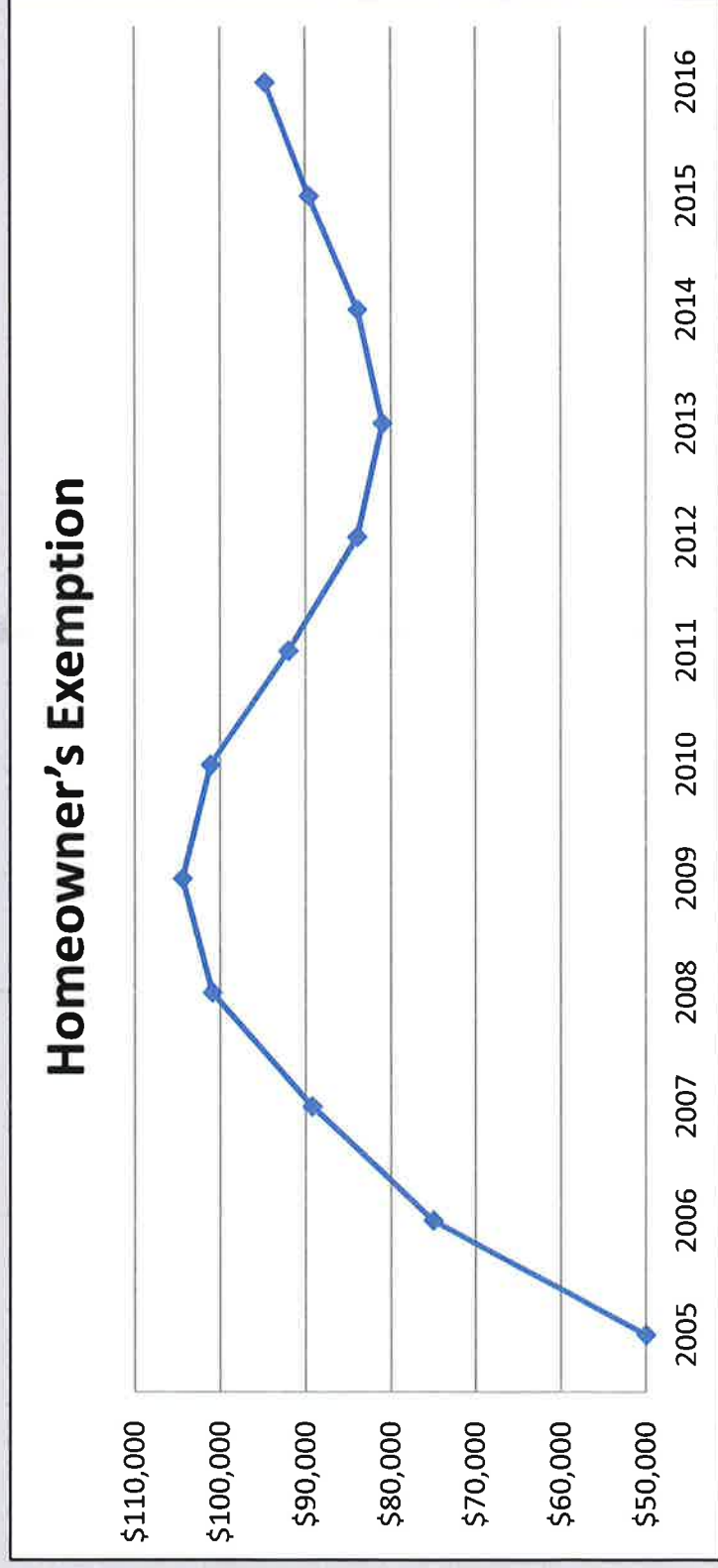
Property Taxes and the Effects of the Homeowner's Exemption

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Significant Changes in Idaho Property Values and Taxes beginning in 2006

Homeowner's exemption – 50% not to exceed upper limit which has been annually adjusted since 2006

- Was locked at 50%, up to \$50,000 from 1983 – 2006
- Upper limit changed to \$75,000 in 2006 and tied to HPI with annual adjustments



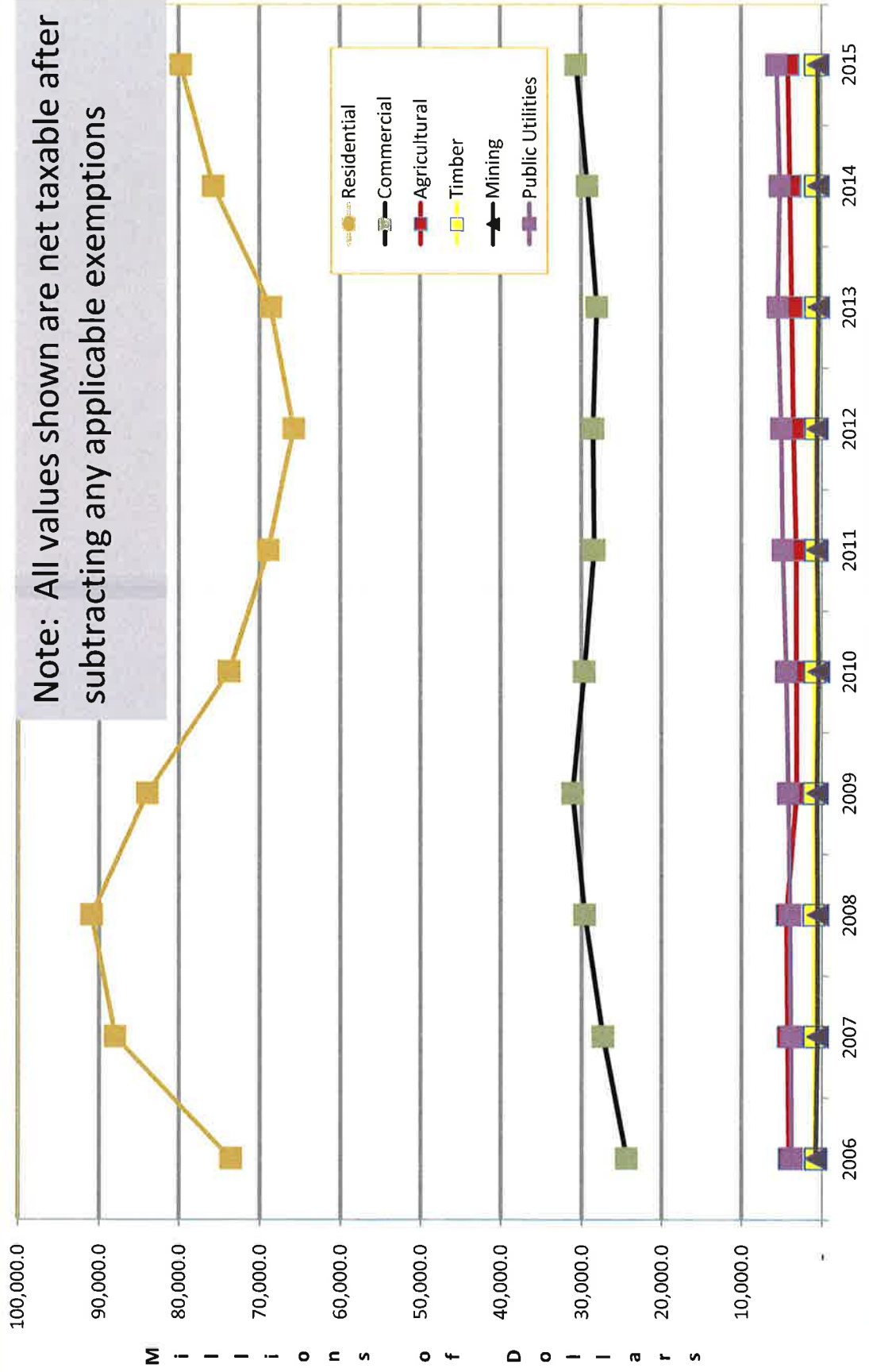
History of the Homeowner's Exemption Limit

History of maximum homeowner's exemption

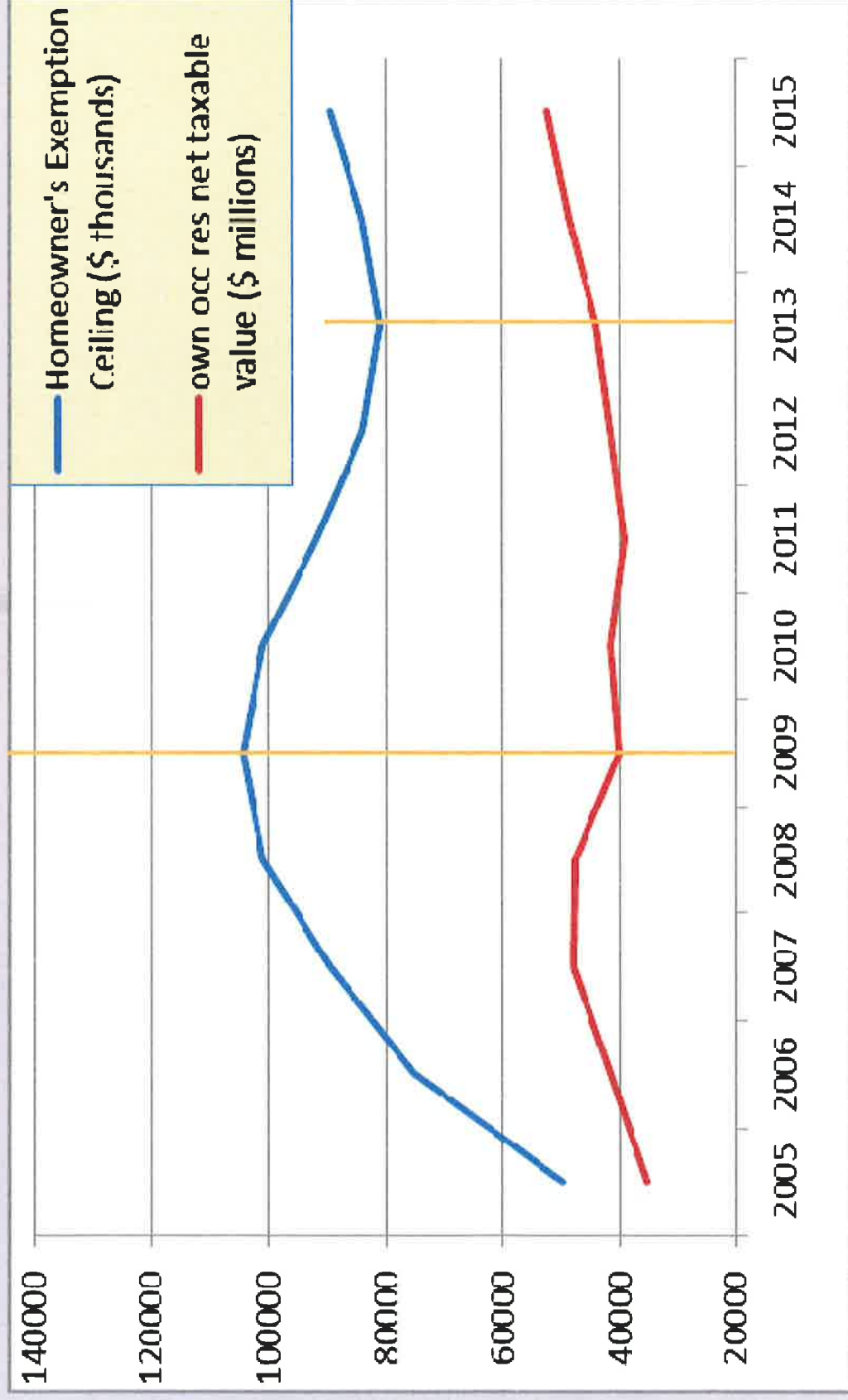
Years	Maximum
1980-1982	\$10,000
1983-2005	\$50,000
2006	\$75,000
2007	\$89,325
2008	\$100,938
2009	\$104,471
2010	\$101,153
2011	\$92,040
2012	\$83,974
2013	\$81,000
2014	\$83,920
2015	\$89,580
2016	\$94,745



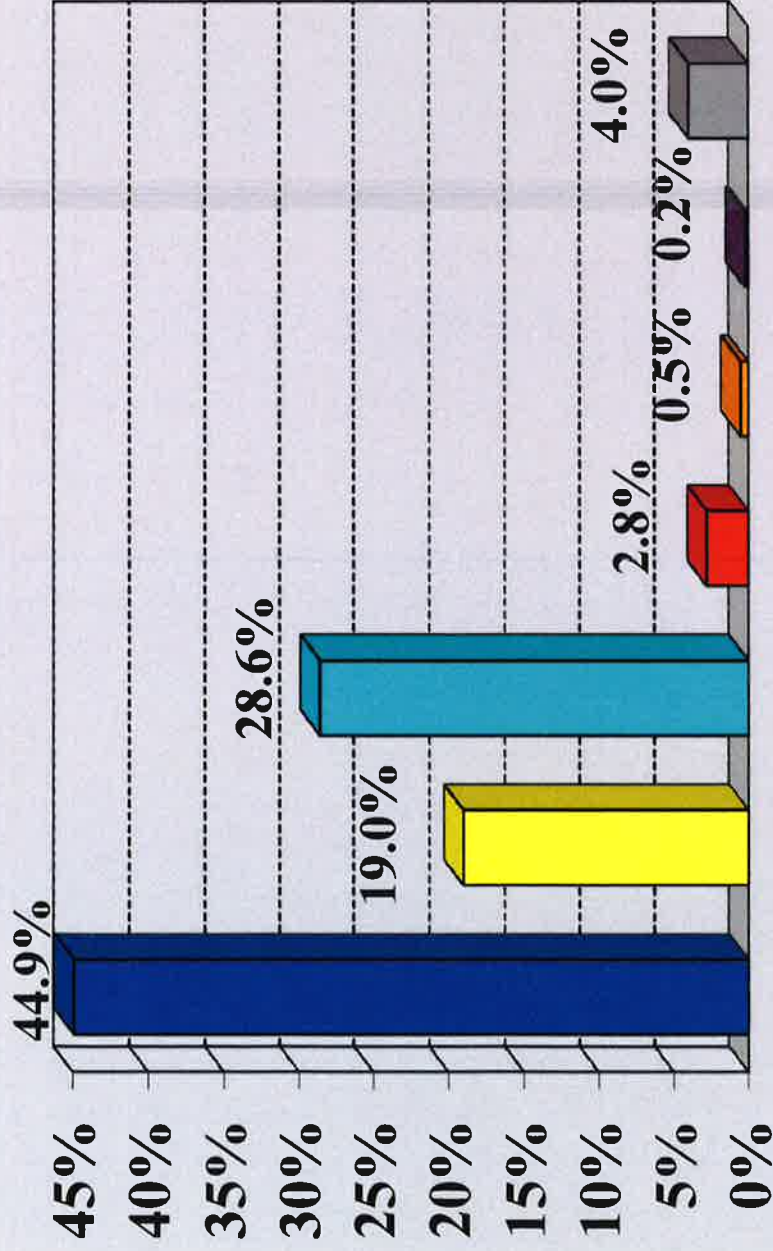
10 Year Chart of Taxable Value Changes by Major Property Category (est.)



Homeowner's exemption ceiling adjustments lag the market



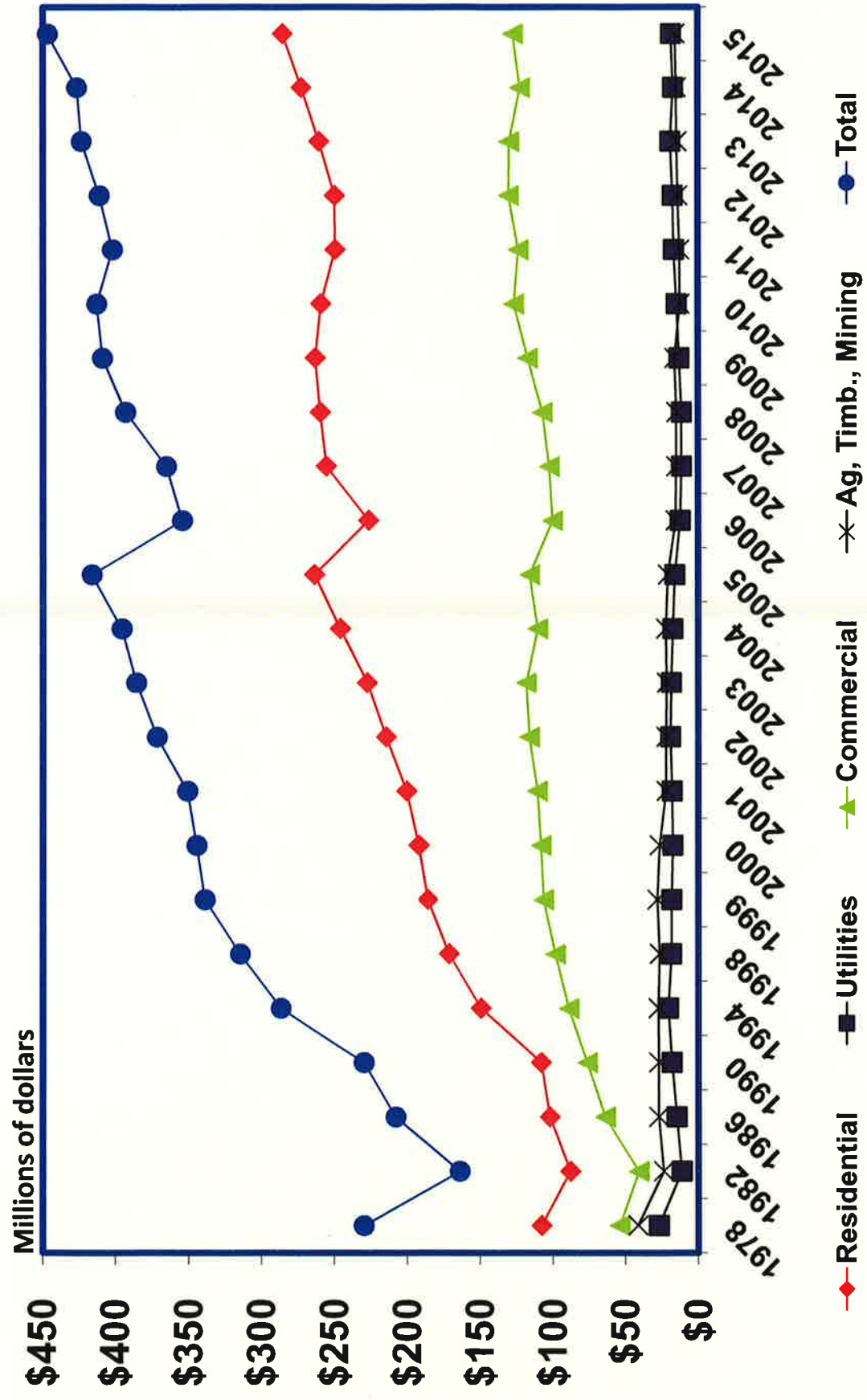
So, who pays the property tax?



Distribution shown is statewide in Idaho for 2015

- Owner occupied residential
- Commercial / Industrial
- Timber
- Operating (Utilities)
- Non-owner occupied residential
- Agricultural
- Mining

PROPERTY TAXES by Major Category of Property Constant 1978 Dollars



Residential Value and Tax Since 2013

Category	2013 – 2014 value change	2013 – 2014 tax change	2014 – 2015 value change	2014 – 2015 tax change
Owner-occupied residential	+10.8%	+6.9%	+6.0%	+5.2%
Other residential	+9.2%	+7.0%	+4.1%	+3.3%
All property	+8.0%	+4.5%	+5.3%	+4.7%
Housing Price Index	+3.6%	NA	+6.7%	NA

Note: The Housing Price Index increase for 2015 – 2016 is 5.8%

All value changes shown are based on net taxable value after subtracting any homeowner's exemption

Note: 2013 represents the first year since 2008 in which residential values increased

New Construction v. Increases in Existing Property Values & Taxes: 2014 – 2015

<u>Category of Property</u>	<u>Overall Percent change in Value</u>	<u>Existing Property Value % Change</u>	<u>Existing Property Tax % Change</u>
Primary Residential	+ 6.0%	+ 4.5%	+ 4.6%
Other Residential	+ 4.1%	+ 1.4%	- 1.2%
Commercial and industrial	+ 4.8%	+ 3.3%	+ 2.9%

What About During Down Markets?

2009 - 2010

<u>Category of Property</u>	<u>Overall Percent change in Value</u>	<u>Existing Property Value % Change</u>	<u>Existing Property Tax % Change</u>
Primary Residential	- 11.2%	- 13.2%	- 3.3%
Other Residential	- 13.5%	- 14.5%	- 1.9%
Commercial and industrial	- 4.7%	- 5.5%	+ 5.4%

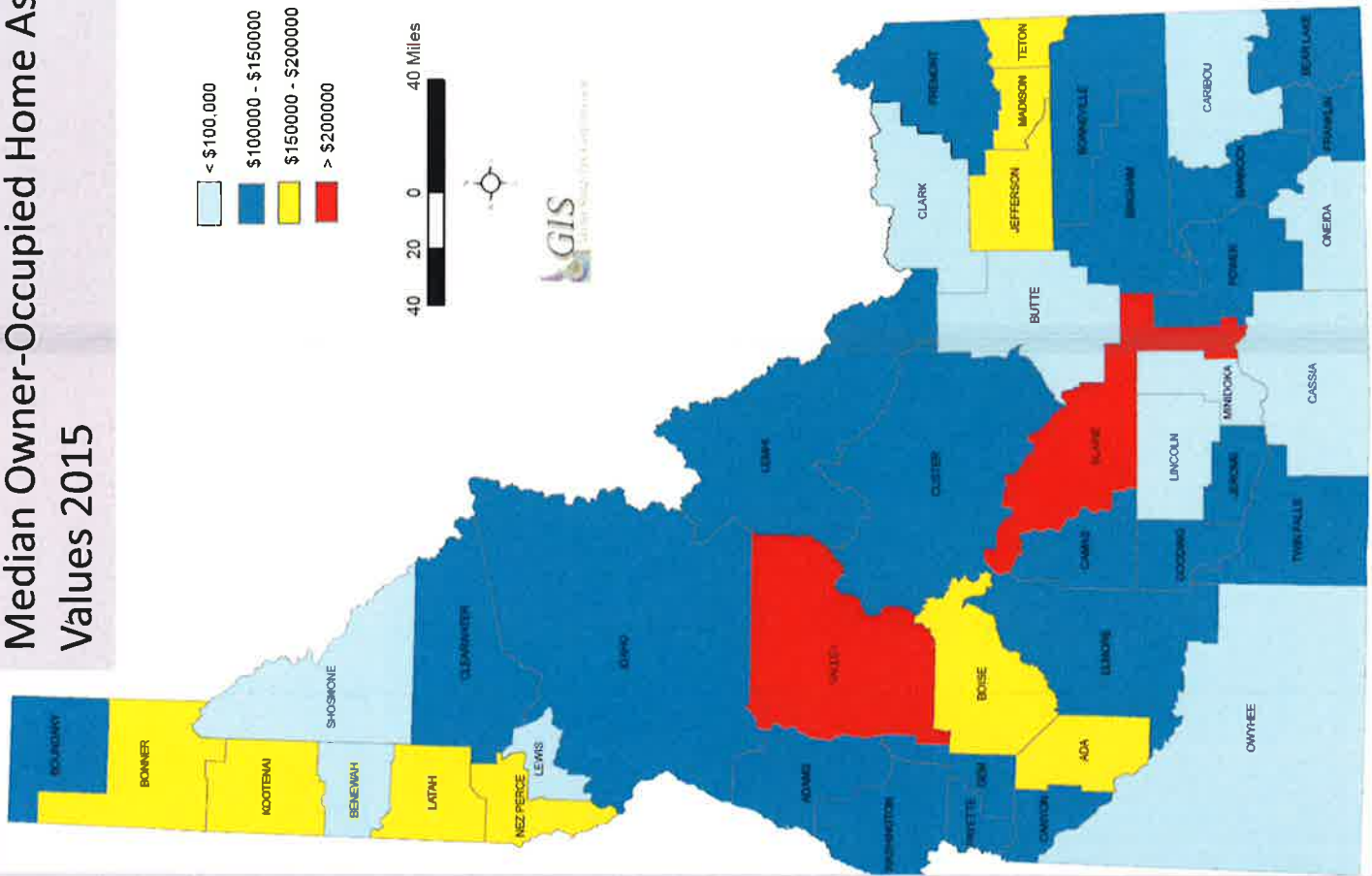
Definitions and Counts

- For purposes of this analysis, higher value homes are ones with 2015 assessed values >\$168,000
 - This means that they would have higher taxable values and a tax shift in 2015 had the homeowner's exemption been capped at 2014 levels.
 - There were 193,393 higher value homes in 2015 (43.7% of all homes)
- Note: Because the cap currently changes each year, the percent of higher value homes is presumed to be about the same as in 2017, given the \$100,000 proposed cap that year.

Tax Shifting Effects of Capping the Homeowner's Exemption

- Dependent on direction of future value changes
 - If upward value change pattern from 2012 – 2015 continues:
 - \$100,000 cap will begin to restrict homeowner's exemption increases for high value homes in 2018
 - Beginning in 2018 high value homes will pay more and other property types will pay less:
 - In the first year, based on what a similar cap would have done if imposed in 2014, higher value homes would pay about \$10 million more in tax (+2.2%)
 - This amount would be reflected as a decrease to other property types
- Overall property tax collections will change only slightly
 - Two School Districts have fixed rate budget systems that would add budget capacity if there were less homeowner's exemption:
 - Boise School District – ~\$900,000
 - Lewiston School District - ~\$100,000

Median Owner-Occupied Home Assessed Values 2015



Tax Shifting Potential by Property Category –

assuming continued residential value growth and cap in place

Property Category	Change in tax (\$ Millions) 2015 – 2015 if HE had not increased	Percent Change 2015 – 2015 if HE had not increased
Lower Value Homes (below cap)*	\$ - 1.2	- 0.5%
Higher Value Homes (capped – exemption falls below 50%)	\$ + 10.3	+ 2.2%
Other Residential (not eligible for homeowner’s exemption)	\$ - 3.0	- 1.0%
Commercial / Industrial	\$ - 5.2	- 1.1%
Agricultural	\$ - 0.4	- 0.8%
Timber	\$ - 0.1	- 0.7%
Mining	\$ - 0.0	- 0.4%
Operating	\$ - 0.6	- 0.9%

Notes: *Low value homes are not presently capped by the upper \$ limit on the homeowner’s exemption. Based on numbers of homes with value <\$168,000 in 2014 (these received the maximum homeowner’s exemption that year).

** No increase in taxes for Boise or Lewiston School districts assumed.