



SB 1012 A property tax break for forest fire homeowners

Senate Natural Resources—Jody Wiser—3.15.2023

This bill won't work well and isn't fair. There is no doubt that those who lose their homes from any cause live with much trauma, unexpected expenses, and deserve our sympathy and support. But this bill isn't the right course.

SB1012 freezes for five years the property taxes on replacement property that is no larger than the original fire-destroyed homes. Normal assessment procedures are used for any additional square feet that are built after the fire. That's fair on the surface. Until one imagines possible examples:

- A 1,500 square foot 1970 manufactured structure in poor condition could be replaced with a beautiful, new 1,500-square foot custom home and pay the same property tax.
- A large residence that was lost in the 2020 fires would receive much more potential benefit than a small residence.
- An average neighboring property may pay considerably more property tax.

If you want to do something more for those who lost their homes in the fires of 2020, we suggest a Ways and Means appropriation, one that treats all constituents the same.

In this case we find the tax code a clumsy mechanism, that without opt in could hurt the budgets of counties that already themselves suffer from the fires. It will also give headaches to the assessors at the outset, again over the frozen tax years and then once more when the property comes out of this special assessment. How do assessors do a split assessment for those properties that rebuild with additional square feet?

Also important is what happens when 2027 rolls around? Homeowners may face a really stark increase in property taxes at the time of reassessment. Sometimes when a property comes out of special assessment, the new taxes are higher than they would have been if the exemption was never used because of the changed property tax ratio which can't really be predicted.

SB 1012 starts us down another slippery slope of unfairness. What about those who lose their homes to an electrical fire, tide surge or mudslide rather than to the 2020 forest fires?

If you pass this bill, we would expect that in a couple of years there will be a bill that makes this kind of concession for all losses. It's important to think of the long-term consequences of bills you pass. We hope you'll think forward before voting.