

No end in sight for Idaho's growth

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[Enlarge](#) Idaho Travel Council

Northern Idaho's vast wilderness serves as a backdrop for the Coeur d'Alene Resort.

By Dennis Cauchon, USA TODAY

BOISE — With all due respect to Phoenix, Las Vegas and Orlando, the heart of American's biggest economic boom is right here in Idaho.

In Idaho, the state with the nation's fastest-growing economy, homebuilding hasn't crashed as it has across much of the USA, and a two-decade run of prosperity continues.

Chalk it up, in large part, to chips — computer chips and potato chips. And to a state whose climate and rugged outdoor beauty are attracting highly mobile, white-collar newcomers who could work or live most anywhere.

Idaho has drawn national attention from the recent sex-sting arrest of Larry Craig, its senior U.S. senator, and, in the 1990s, from occasional standoffs between law enforcement and white supremacists. What's less known is that Idaho has been competing with Arizona, Nevada and Florida to be the USA's most vibrant boom state. And unlike those hot-weather states, Idaho is having a boom that shows little sign of fading.

Idaho has been tops among states in economic growth since 2003. It has ranked high nearly every year since 1987, a run of good times unmatched by any other state. Even the recessions of 1991 and 2001 didn't stop growth.

As the state motto says, *Esto perpetua*: It is forever.

Idaho's growth is remarkable because it has no single cause.

Idaho — unlike its prospering neighbor, Wyoming — doesn't have oil, natural gas or coal, although hydroelectric power is abundant. The state hasn't tried to woo industry with big tax breaks and subsidies. "We don't play that game," says Republican Gov. C.L. "Butch" Otter, a former executive with agribusiness giant Simplot.

Idaho's economy has clicked in every sector: farming, technology, tourism, construction, service industries. Big business has thrived, and small entrepreneurs have, too. The state has a 2.4% jobless rate, the lowest in the nation, and has added jobs every year since 1987.

"We've had a spectacular economic run for two decades," Idaho state economist Mike Ferguson says, "and I don't see it ending any time soon."

Three-way bonanza

Why Idaho?

"We've scored a triple play," Ferguson says, "and two of those plays are chips — computer chips and

potato chips."

Semiconductor maker Micron Technology, based in Boise, employs 9,000 and has spawned other high-tech businesses. Hewlett-Packard's printer division is headquartered here, too. Computer-related manufacturing has been the fastest-growing sector in the state's economy over the last decade.

In the field, potato prices are high, which is good news for the nation's No. 1 potato producer. In an era of fast food, the spud is the great American vegetable, especially when fried.

The third ingredient in Idaho's boom has been the "amenities business" — hiking, hunting, fishing, skiing, whitewater rafting — that attracts tourists and new residents, from billionaires to young outdoor enthusiasts.

The federal government owns about two-thirds of the land in Idaho, mostly national forests. The state has 21 million acres of roadless wilderness, about the size of South Carolina and more than any state except Alaska.

The weather's good, too. Coeur d'Alene in northern Idaho has an average low temperature of 22° in January. By comparison, residents of Fargo, N.D., endure average lows of -2° in January, despite a more southerly latitude.

"We've got a true four-seasons climate here, and that makes our business model work," says Jim Spence, vice president of the new 2,100-acre Tamarack Resort in Donnelly, Idaho.

New condos, homes and commercial buildings there have sold out quickly. More are under construction. The national construction slowdown hasn't stopped optimism in Idaho. "We're not postponing anything," Spence says.

Idaho isn't immune to economic bumps. Micron has laid off 1,000 workers since June. Meanwhile, wages statewide average just \$32,500 a year, about 75% of the national average. Income inequality has increased as wealthy out-of-staters have moved in, keeping the economy rolling but not driving up overall wages.

Idaho isn't the only place in the Rocky Mountains and Pacific Northwest enjoying a boom, says Gary Smith, director of the Pacific Northwest Regional Economic Analysis Project. In Bend, Ore., and Missoula, Mont., imported wealth is remaking the economy.

"What's different about Idaho," he says, "is that it's a whole state."

[continued]

INSIDE IDAHO

Size: 82,747 square miles (state rank: 14)

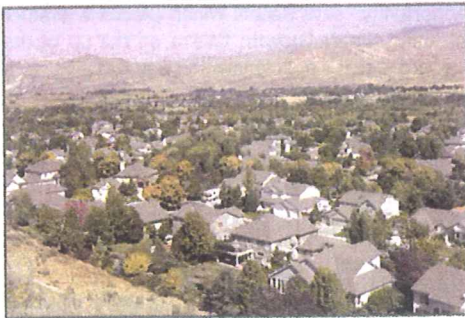
Population: 1,466,465 (state rank: 39)

Density: 17.7 people per square mile

Retail sales: \$13.5 billion

Manufacturer shipments: \$15.2 billion

Source: Bureau of Economic Analysts and Census Bureau



[Enlarge](#) By Troy Maben, for USA TODAY

A subdivision sits across a river from the 1,297-acre Harris Ranch, one of the state's most valuable pieces of land. A developer plans to build an eco-friendly community with 2,800 homes on 358 acres.

A hunger for acreage

About 300 miles east of Boise, potato farmer Ray Hess of Ashton is building a road on a neighbor's property. The land has been sold, and big houses are coming, on lots of 40 acres or more.

Hess, 58, understands why people move here. "I'm sitting here in my truck. The weather is beautiful. I'm looking at the Teton Mountains. Of course, people want 150 acres in heaven!" he says.

His hometown used to be lined with pickups and farm supply dealers. Now, it's full of expensive sedans and cute boutiques. Hess has to drive 30 miles to buy farm equipment.

"The billionaires have chased the millionaires out of Jackson Hole (Wyo.), so they've come over the hills to the Teton Valley to live with us," Hess says.

He isn't complaining. A friend recently sold 4,000 acres nearby for homes and a golf course. Hess owns 3,000 acres. If the right offer came along, he might sell, too.

"I'd keep the old homestead and 20 acres," he says. "But my kids would probably sell that when I'm dead. So be it."

Like most in Idaho, Hess welcomes the population growth — or at least accepts it.

Idaho's population grew 13.3% from 2000 to 2006 to 1,466,465. That's twice the national growth rate. Idaho's Hispanic population has doubled since 1990, to about 10%. Boise has two Spanish-language radio stations.

The average of about 30,000 new residents a year is small compared with Arizona or Florida. For Idaho, however, it's like adding a major city every year. In 1990, only Boise, Idaho Falls and Pocatello had more than 30,000 people. Today, nine cities are that big.

"We like to see ourselves as a rural state, but we really aren't anymore," says Carole Nemnich, manager of an annual survey done by the Social Science Research Center at Boise State University. When the survey asks newcomers why they moved to Idaho, the top answer is clear: quality of life.

The newcomers generally are wealthier and more educated than longtime residents. The state is slowly becoming less conservative — but not necessarily more liberal.

"The move is to the center," Nemnich says, "and a strong libertarian streak makes it hard to categorize the state."

Environmental concerns have moved near the top of the agenda because fishers and hunters — the "hook and bullet crowd," as pollsters call them — align with liberal environmentalists on many land-use and pollution issues.

This has put some industries, such as mining, and some developers on the defensive. A Canadian company now is facing an uphill battle to get state approval for a cyanide leach gold mine on a fork of in the Boise River.

"Thirty years ago, that mine would have opened no problem, business as usual," says Rick Johnson, executive director of the Idaho Conservation League, an environmental group. "Today, people view the river itself as far more valuable than whatever a mine can produce."

"The billionaires have chased the millionaires out of Jackson Hole (Wyo.), so they've come over the hills to the Teton Valley to live with us"

Blending suburbs, landscape

Suburbanization has proved a trickier issue than preserving rivers and wilderness.

The foothills surrounding Boise, the scenic signature of Treasure Valley, are mostly privately owned. The building of houses on the foothills is lucrative and controversial, a conflict of property rights vs. the look and feel of the region.

"People think they're entitled to open space that they do not own," says Nate Mitchell, mayor of Star, a fast-growing town near Boise. "I like the foothills, but I'm not romantic about them. We have legal descriptions in America for good reason: so we know where my land ends and yours begins."

Mitchell is planning for Star to grow from 4,000 residents today to about 30,000 when it's built out. "Government's job is to facilitate what land owners need, not to choose where people live," he says.

In Eagle, the town next door, Mayor Nancy Merrill is trying to preserve the undeveloped look of the foothills. "We should look at the foothills and not see homes everywhere," Merrill says. Her city is trying to encourage high-density clusters in the valley and little or hidden development in the hills.

She expects her town to grow from 18,500 today to about 60,000 over the next few decades. "Growth is going to happen and that's good, but we have a right to manage development," she says.

The increasing value of land and homes is changing the state in small and big ways. Newcomers, for example, expect prompter fire and ambulance service than volunteer departments provide.

The state experienced serious fires around Sun Valley this summer because of a drought. More than 1,600 firefighters battled the blazes. Forest fires can't be allowed to burn themselves out in areas full of expensive homes.

"We don't like to admit it, but Idaho is becoming a little more like everywhere else," says Johnson, the environmentalist.

Developer Doug Fowler believes he has a way to let Idaho grow and keep its identity.

He's turning one of the state's most valuable pieces of real estate — the 1,297-acre Harris Ranch, within Boise's city limits — into an upscale, eco-friendly community. His development will have 2,800 homes clustered on 358 acres. The

rest will be left untouched, or even improved by the restoration of native prairie grass.

The scenic foothills will not be developed. Bald eagle habitat will be preserved. The river that runs through the ranch will remain pristine. The developer even plans to keep a few head of cattle grazing on the land for symbolic reasons.

Fowler believes he can make more money giving people the Idaho experience — rivers, fishing, open space — than carving land into cul-de-sacs and quarter-acre lots.

He's betting people will pay a premium (and extra homeowner fees) to live in a small-town setting where eagles fly overhead and trout fishing is a short hike away.

The first lots, among the biggest and most expensive, will cost about \$300,000.

"Economic growth has presented us with a great opportunity," says Rachel Winer, executive director of Idaho Smart Growth. "We're on the tip of the iceberg, and it's not clear which way we'll tip."