

**BEFORE THE IDAHO STATE BOARD OF EQUALIZATION**

In the Matter of the 2024	)	
Operating Property Ad Valorem	)	
Valuation of	)	DOCKET NO. 1-869-276-160
	)	
AVISTA CORPORATION - GAS,	)	DECISION
	)	
Petitioner.	)	
	)	
	)	
	)	

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Avista Corporation - Gas (Petitioner) filed a timely protest of the value of its operating property asserting that Petitioner should receive the same reduction that a railroad would receive under the federal Railroad Revitalization and Reform Act of 1976 (also known as the “4-R Act”).

DISCUSSION OF THE CASE AND FINDINGS

Petitioner’s property is operating property as defined in Idaho Code § 63-201(16). Operating property is assessed annually by the Idaho State Tax Commission acting as the Board of Equalization (Board) pursuant to Article 7, Section 12 of the Idaho Constitution. An owner of operating property may request a “hearing before the commission in relation to the assessment” of a property owner’s property. Idaho Code § 63-407. In these hearings, the property owner has an opportunity to contest the Staff’s recommended appraised values. *See* Property Tax Administrative Rule 407. The burden of proof is on the taxpayer challenging staff’s appraisal to show that they are entitled to the relief requested. *See* IDAPA 35.01.03.407.09.e; *PacifiCorp v. Idaho State Tax Comm’n*, 153 Idaho 759, 767, 291 P.3d 442, 450 (2012); Idaho Code § 63-409(2).

Petitioner asked for their assessed value to be reduced by the same amount that it would be reduced under the federal 4-R Act if Petitioner were a railroad. The 4-R Act requires states to use ratio studies to test whether commercial and industrial property has been assessed at a level that is more than five percent below the ratio of market value at which the railroads were assessed and to

grant railroads relief if commercial and industrial property is found to be below 95%. In May 2023, the Idaho Supreme Court held that Idaho's constitutional uniformity requirement entitles owners of operating property that qualify the same relief that railroads receive under the 4-R Act. *Idaho Power Company v. Idaho State Tax Commission*, 530 P.3d 672 (2023).

Tax Commission staff prepared a report applying the same methodology to all operating property in Idaho as is applied to the railroads. This report uses ratio studies based on the commercial and industrial property values in the counties where the railroad (or in this case, Petitioner's property) is present to determine whether a reduction should be granted under the 4-R Act. The Board took up this issue generally on August 14, 2024, and decided to grant the reductions shown in Tax Commission staff's report for all operating properties in Idaho. However, staff's analysis shows that some operating properties receive no reduction under the 4-R analysis because, in the case of those properties, no ratio studies showed that the level of assessment for commercial and industrial property was less than 95% of market value in the counties where those properties are present. Such is the case for Petitioner, no reduction to the assessed value is merited under the 4-R Analysis.

#### CONCLUSION AND DECISION

We, the Idaho State Tax Commission, sitting as the State Board of Equalization, accept the recommended value of \$166,746,000, as contained in the Tax Commission property tax staff's appraisal report, and apply no reduction under the 4-R analysis. The board hereby assesses \$166,746,000 to be the taxable value of Petitioner's operating property.

DATED this 26<sup>th</sup> day of August 2024.

IDAHO STATE TAX COMMISSION

  
Jeff McCray  
Commissioner

  
Jared Zwygart  
Commissioner

  
Janet Moyle  
Commissioner

CERTIFICATE OF SERVICE

I hereby certify that on this 26<sup>th</sup> day of August 2024, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

RICK SMITH  
HAWLEY TROXELL ENNIS & HAWLEY  
LLP  
PO BOX 1617  
BOISE ID 83701-1617

Receipt No.

7019 2970 0000 3044 1553

A handwritten signature in blue ink, appearing to read "Maria J. J.", is written over a horizontal line.