

**IDAHO STATE BOARD OF EQUALIZATION
OPEN MEETING
MINUTES OF MEETING HELD AUGUST 22, 2016**

In attendance: Commissioners Tom Katsilometes, Richard W. Jackson, Ken A. Roberts, and Elliot S. Werk; Rick Anderson, George Brown, Adrienne Yates, Alan Dornfest, Steve Fiscus, Jerott Rudd, Erick Shaner, and Phil Skinner.

Guest: Benn Brocksome, Special Assistant to Idaho State Governor; Daniel Anderson, Nez Perce County Assessor; and Miguel Legarreta, President of Associated Taxpayers of Idaho.

Commissioner Tom Katsilometes, the Chairman for the State Board of Equalization, reconvened the State Board of Equalization for 2016 (Board) pursuant to ISBOE's notice and agenda on Monday, August 22, 2016, at 9:00 a.m. (MDT). The Commissioner had roll called for the Board, and asked if there were any questions about the agenda. There were no questions.

Present Recommendation on 4R Act Report, also known as Railroad Revitalization and Regulatory Reform Act

Chairman Katsilometes recognized Mr. Alan Dornfest, Property Tax Bureau Chief to present the report. Mr. Dornfest opened with the explanation that the report is in accordance with the federal act of 1976; wherein, the focus is on the fair market value assessment vs. the appraisal of property. He further explained the in-depth process and the means to determine valuation of the four railroads within the State of Idaho. He also noted that this process is dissimilar from the counties valuation process to ensure state wide compliance with the federal act.

Mr. Daniel Anderson inquired on the reductions and the impact across counties with regard to compliance. Mr. Dornfest replied that there are two issues; one general compliance and second the valuation reporting differences from county to state. Should there be a notable difference reported by any one or more of the counties then the adjustment will be reflected on the Idaho State report based on adherence to compliance.

Commissioner Werk requested clarification on the differences in reporting from state to county and the presence of the railroad. Mr. Dornfest explained the impact of presence within a county and the impact on state-wide reporting using the examples of Bear Lake and Lincoln Counties where the differences within each county would have a minimal impact on statewide reporting. He also noted that there has not been analysis of presence and there is a planned discussion during the annual county association conference this week. Commissioner Werk also questioned the legal impact of presence. Mr. Shaner, Deputy Attorney General, responded with no foreseen legal impact at this time. Mr. Fiscus, Tax Division Administrator of County Support, added there is a statute that allows for an appeal of the appraisal and a brief discussion followed.

There were no further questions for Mr. Dornfest.

Status Update on Appeal

Chairman Katsilometes recognized Erick Shaner, Deputy Attorney General, to report on the status of the appeal with Sorenson Engineering, who is representing six hydro facilities; which are Bell Mountain Hydro, Birch Power Hydro, Dry Creek Hydro, Lemhi Hydro, Marsh Valley Hydro and St. Anthony Hydro. Mr. Shaner noted that the Property staff worked very diligently with the taxpayer to resolve their concerns and achieved an agreed upon value, which resulted in a withdrawal of their request for appeal. Therefore, no operating property appeals have come before the Board for its consideration.

Commissioner Jackson inquired on the agreed upon value. Mr. Shaner reported that some values were of 2016 and 2015, also overall there was a decrease. Mr. Fiscus further clarified the agreed upon valuation discussion, which was centered on the methodology used for each company and the differences therein. Therefore, an agreed methodology and valuation process is now in place and a brief discussion followed.

There were no further questions for Mr. Shaner.

Present and Equalize County Assessments and Abstracts Recommendations

Commissioner Katsilometes recognized Alan Dornfest, Property Tax Policy Bureau Chief, to present the state-wide County Property Categories, as well as equalization and to consider the adoption of the state-wide county property roll abstracts. Mr. Dornfest noted that in the initial category report from March there were counties out of compliance, ten percent outside of market value, and these counties were given an opportunity to take corrective action. This information is noted in the final report where Mr. Dornfest is satisfied with the results of the statistics and corrective action taken; therefore, no county is now found out of compliance.

Commissioner Roberts inquired if there is a standard amount of adjustments. Mr. Dornfest replied that there is a regular occurrence of adjustments, which may vary from year to year.

Commissioner Katsilometes asked if the Board had any additional questions or comments on the report. Commissioner Katsilometes sought a motion for the equalization and adoption of the state-wide county property roll assessments and abstracts. Commissioner Roberts moved to adopt the report presented on the equalization of the state-wide 2016 County Roll Abstracts as the findings of the State Board of Equalization. Commissioner Werk seconded. All voted in the affirmative, and the motion passed.

Mr. Dornfest noted that the presented report focused on the equalization, but the abstracts were included in the written report and further explained the change in the report of the abstracts which were given to the board this morning. Commissioner Roberts, Mr. Fiscus and Mr. Dornfest discussed the change in category which was found to be correct and a brief discussion followed. Commissioner Werk inquired about the NN exemptions and is there a stabilization of these prior issues. Mr. Dornfest noted the changes for this year, and speculates more to come. Commissioner Werk and Commissioner Katsilometes shared about the outreach in reference to the NN exemption with emphasis that it would impact the use of the NN exemption. Commissioner Jackson inquired about the impact on Nez Perce County. Mr. Daniel Anderson responded that there is now a choice of either a dollar amount or percentage valuation, because there is no tax abatement. He would rather see a steady tax formulation to allow for variations of depreciation values and a brief discussion followed.

There were no further questions for Mr. Dornfest.

Commissioner Katsilometes asked if the Board had any additional questions or comments on the report. There were no questions or comments, nor further discussion on the report.

Commissioner Katsilometes sought a motion to adopt the report as presented on the amended abstracts of the state-wide 2016 County Roll Abstracts as the findings of the State Board of Equalization. Commissioner Jackson moved, and Commissioner Werk seconded. All voted in the affirmative, and the motion passed.

There were no further questions or comments

Commissioner Katsilometes recessed the Board until 1:00 p.m. on Monday, August 22, 2016; to await the completion of the Centrally Assessed Values report.

Commissioner Tom Katsilometes reconvened the Board on Monday, August 22, 2016, at 1:00 p.m. (MDT).

Present and Adopt Centrally Assessed Values

Commissioner Katsilometes recognized Mr. Rudd, Centrally Assessed Property Bureau Chief, presented the 2016 Operating Property Roll and noted it was reported at a total value of \$5,738,755,318; an increase of 2.011%.

Commissioner Werk commented on the delay on the report. Mr. Rudd and Mr. Fiscus replied that there are two systems that generate the whole report and there was a difference between systems, and a brief discussion of systems followed. Commissioner Katsilometes sought a motion to adopt the 2016 Operating Property Roll as reported at a total value of \$5,738,755,318. Commissioner Ken Roberts moved to adopt the 2016 Operating Property Roll a total value of \$5,738,755,318; an increase of 2.011% over 2015. Commissioner Elliot Werk seconded. Mr. Skinner noted a clarification of the Board to show the “Idaho State Tax Commission sitting as the Board of Equalization to adopt.” Commissioner Katsilometes sought a motion to adopt as noted the 2016 Operating Property Roll. Commissioner Jackson moved, and Commissioner Werk seconded. All voted in the affirmative, and the motion passed.

There were no more questions or comments.

Present and Approve Irrigation Exemption

Commissioner Katsilometes recognized Mr. Rudd, Centrally Assessed Property Bureau Chief, presented the Irrigation Exemption report with a total of \$349,173,622. Commissioner Werk requested further explanation. Mr. Rudd explained the rebate process in reference to irrigators. Commissioner Katsilometes sought a motion to adopt as noted the 2016 Irrigation Exemption as reported. Commissioner Jackson moved, and Commissioner Werk seconded. All voted in the affirmative, and the motion passed.

Mr. Rudd expressed thanks and apologies for the delay

There were no more questions or comments.

Other Business

Commissioner Werk and Commissioner Katsilometes expressed great appreciation to the Property Tax Team, the Taxpayers involvement, and the Counties.

There was no other business.

Adjourn Board

Commissioner Katsilometes considered a motion for adjournment, having considered all of the business to come before the 2016 Board of Equalization. Commissioner Jackson moved to adjourn the 201 State Board of Equalization. Commissioner Werk seconded. All voted in the affirmative, and the 2016 State Board of Equalization stood adjourned.

Adrienne Yates
Secretary

Tom Katsilometes
Chairman – Idaho State Board of Equalization