

**IDAHO STATE BOARD OF EQUALIZATION
OPEN MEETING
MINUTES OF MEETING HELD AUGUST 24, 2020**

In attendance: Commissioners Tom Katsilometes, Tom Harris, Janet Moyle, and Elliot S. Werk; Jerott Rudd, George Brown, Alan Dornfest, Phil Skinner, Kathlynn Ireland, Nathan Nielson, Kolby Reddish, and Maria Young.

Joining by telephone: Robert McQuade, Erick Shaner, and Becky Ihli.

Commissioner Tom Katsilometes, the Chairman for the State Board of Equalization, reconvened the State Board of Equalization for 2020 (Board) pursuant to Idaho State Board of Equalization's notice and agenda on Monday, August 24, 2020, at 9:00 a.m. (MDT). The Idaho State Board of Equalization is now reconvened.

Present Recommendation on the Railroad Revitalization and Regulatory Reform Act ("4R Act") Report

Chairman Katsilometes recognized Mr. Alan Dornfest, Property Tax Bureau Chief to present the report. Mr. Dornfest submitted that the Board has before them his recommendations for the adjustments to the railroad values for 2020, in accordance with the Federal 4R Act of 1976. The Federal "4R Act" prohibits assessment discrimination against railroads, defining discrimination as occurring if the level of assessment of commercial and industrial property is more than 5% below the level of assessment of a railroad. We began making these adjustments in 2015. He noted that federal law provides different compliance standards from those used to determine if locally assessed values are acceptably close to market value. Mr. Dornfest briefly explained the history of the development of the Idaho methodology chosen in 2015. Mr. Dornfest said his team reviewed the hundreds of court cases available across the nation and evaluated the different standards that were followed in the different cases and the International Association of Assessing Officers' (IAAO) standards and they applied a rational logic that was published in a peer-review journal about two years ago. They reviewed provable statistics about whether commercial and industrial property is below the 5% threshold that is allowed and then they look at the areas serviced by the railroads. The quality control involved in these recommendations is the standard system that is used by Idaho State Tax Commission staff to complete the statistical calculations. This is also the same mathematical formulae used in all state ratio studies. Additionally, this work is scrutinized by the railroads. It was recommended that railroad assessments be lowered to comply with the 4R Act by reducing the Union Pacific Railroad Counties by 12.31%, Idaho Northern and Pacific Railroad by 23.29%, Eastern Idaho Railroad Counties by 16.17%, Boise Valley Railroad by 10.37%, and the BNSF Railroad Counties by 12.31%. The following railroads required no adjustment: BG & CM Railroad, Inc., Great Northwest Railroad, Montana Rail Link, Inc., Palouse River and Coulee City Railroad, Port of Pend O'Reille, and St. Maries River Railroad. Commissioner Harris motioned to accept the report, as written. Commissioner Moyle seconded; all commissioners voted in the affirmative and the motion was passed.

Present Decisions and Deliberations

The next order of business was to enter into the record the State Board of Equalization findings and decisions regarding PacifiCorp Energy, Docket No. 0-583-182-336. Commissioner Werk moved to adopt the draft decision of the State Board of Equalization, consistent with deliberations on Monday, August 17, 2020 regarding PacifiCorp Energy. Commissioner Harris seconded the motion; all commissioners voted in the affirmative and the motion passed.

The next order of business was to enter into the record the State Board of Equalization findings and decisions regarding the non-utility generators identified as the IdaHydro properties, Docket No. 0-700-764-096. Commissioner Werk moved to adopt the draft decision of the State Board of Equalization, consistent with deliberations on Monday, August 17, 2020 regarding the IdaHydro properties. Commissioner Harris seconded the motion; all commissioner s voted in the affirmative and the motion passed.

The next order of business was to enter into the record the State Board of Equalization findings and decisions regarding Idaho Power, Docket No. 0-643-475-456. Commissioner Werk commented that this was a very interesting hearing and he appreciates the work of all staff involved. Commissioner Harris moved to adopt the draft decision of the State Board of Equalization, consistent with deliberations on Wednesday, August 19, 2020 regarding Idaho Power. Commissioner Werk seconded the motion; all commissioners voted in the affirmative and the motion passed.

The next order of business was to enter into the record the State Board of Equalization findings and decisions regarding Avista, Docket No. 1-686-939-648. Commissioner Werk moved to adopt the draft decision of the State Board of Equalization consistent with deliberations on Wednesday, August 19, 2020 regarding Avista. Commissioner Harris seconded the motion; all commissioners voted in the affirmative and the motion passed.

Present 2020 Operating Property Roll

Chairman Katsilometes recognized Jerott Rudd, Property Tax Bureau Chief, to present the 2020 centrally assessed values, as recorded on the 2020 Operating Property Roll, as adjusted, consistent with the 4R Act. Mr. Rudd reported on the 2020 Operating Property values apportioned to the counties. The 2020 values they recommend be certified for operating property, in total, is \$7,201,714,480. That value includes the 4R adjustment previously recommended by Mr. Dornfest. Commissioner Werk moved to approve the operating property tax roll in the amount of \$7,201,714,480. Commissioner Moyle seconded the motion; all commissioners voted in the affirmative and the motion passed.

Present Irrigation Exemption

The next order of business was to consider a report from Jerott Rudd regarding the 2020 Irrigation Exemption. Mr. Rudd explained that the Irrigation Exemption is one that is passed on to users of electricity for irrigating purposes. It is a credit from the provider of the electricity to those irrigators, so it is removed from the valuation of the electric utility and the benefit is passed

on to the irrigators. This is an exemption in statute, to provide the benefit of providing power for irrigation to the irrigators; so, the value of that power is removed from the value of the electric utility in the appraisal, and then the electric utility gives a credit to the irrigators on their power bill. The total value of the 2020 Irrigation Exemption is \$365,975,271. Commissioner Moyle moved to adopt the 2020 Irrigation Exemption of \$365,975,271. Commissioners Harris seconded the motion; all commissioners voted in the affirmative and the motion passed.

Present and Equalize County Assessments and Abstracts Recommendations

Chairman Katsilometes recognized Alan Dornfest, Property Tax Bureau Chief, to present the statewide report of the 2020 County Property Categories and the values reported in the statewide county property roll abstracts. Mr. Dornfest first presented the equalization summary, then the county property roll abstracts. Mr. Dornfest recommended approval of the statewide 2020 County Property Roll Abstracts. Mr. Dornfest thanked Mr. Matt Virgil and all the consulting appraisers who have done a tremendous amount of work compiling all this data and responding to all the concerns and for working with all the counties effectively. The Board echoes this statement and wanted them to know the Board recognizes their work. Mr. Dornfest stated that it is his recommendation that all the values are compliant with standards to be market value and should be accepted without further adjustment. He called attention to the abstracts, of which the Board has a summary, and that explanations are provided for any large variations in values. Mr. Dornfest said they will do what they can in the future to make the explanations more detailed. Chairman Katsilometes asked for a motion to approve the value reported by the statewide County Property Roll Abstracts as presented. Commissioner Harris moved to approve the values reported on the equalization of the statewide County Property Roll Abstracts. Commissioner Werk seconded the motion; all commissioners voted in the affirmative and the motion passed.

Other Business

The Board appreciates the Property Tax Staff and the jobs they do.

Adjourn Board

Chairman Katsilometes considered a motion for adjournment, having considered all the business to come before the 2020 Board of Equalization. Commissioner Werk moved to adjourn the 2020 State Board of Equalization. Commissioner Moyle seconded the motion. All voted in the affirmative and the 2020 State Board of Equalization stood adjourned at 09:42 a.m.

Maria Young
Secretary

Tom Katsilometes
Chairman of the Idaho State Board of Equalization