

**STATE BOARD OF EQUALIZATION
OPEN MEETING
MINUTES OF MEETING HELD AUGUST 20, 2021**

In attendance: Commissioners Tom Katsilometes, Jeff McCray, Elliot S. Werk, and Janet Moyle; Maria Young, Phil Skinner, George Brown.

Commissioner Katsilometes, Chairman for the State Board of Equalization, reconvened the State Board of Equalization for 2021 (Board) at 9:00 a.m. August 20, 2021.

Commissioner Katsilometes recognized Alan Dornfest, Property Tax Bureau Chief to present the report on the recommendations for adjustment on railroad assessments. Mr. Dornfest submitted that the Board has before them his recommendations for the adjustments to the railroad values for 2021, in accordance with the Railroad Revitalization and Regulatory Reform Act ("4R Act") 1976. There are no additional steps required of the Board; he has no recommendation to the Board.

Commissioner Werk asked Mr. Dornfest to go through the history of why we have this federal preemption. Mr. Dornfest said 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. If the railroad value is truly 100% of market value, and the industrial property value of the comparison group is only 90%, that would be more than a 5% difference. That would mean a discrimination against the railroad unless they lower the railroad value or raise the industrial property value. They've chosen not to raise the industrial value. Mr. Dornfest was asked to explain the presumption of 100%. They begin with the presumption that the railroads have been assessed at 100% of market value. The question is the commercial or industrial property.

ACTION ITEMS:

The Board considered the decisions for **Idaho Power and Avista Corporation**. Mr. Skinner reminded the Board that on the first day of the 2021 Board of Equalization, Kolby Reddish, Deputy Attorney General representing Operating Property Bureau, presented the report on the status of appeals for Idaho Power and Avista Gas and Electric Corporation. Pursuant to rule, they each chose to waive their hearings and request an appealable decision and entered a stipulation, since their cases are already in court. The decision before the Board upholds the values of staff.

Commissioner McCray moved to accept the stipulation agreement from Idaho Power and Avista. Commissioner Werk seconded the motion. Commissioner Katsilometes identified that the stipulation involves the values that have been presented for Idaho Power, Avista Power, and Avista Gas. **Commissioner McCray amended his motion to accept the stipulation agreement for Idaho Power and Avista as presented. Commissioner Werk seconded the amended motion. All commissioners voted aye, and the amended motion was approved.**

Mr. Skinner noted the decisions must be signed as they are approved and said he will pass the decisions as they are voted upon.

The Board considered the decision for **Lumen Technologies, Inc.** **Commissioner Moyle moved to approve the decision as written using the 60% weighting to income, 40% weighting to**

cost and the Beta of 1.0, with the specific cost equaling \$223,000,000. Commissioner Werk seconded the motion. All commissioners voted aye, and the motion was approved.

The Board considered the decisions for the **non-utility generators (NUGs)**. Commissioner Katsilometes said each property will be read individually, with the amount, and each will be voted upon as it is read. Commissioner McCray will make all the motions. The telephone lost connection and Ms. Young re-established the connection.

Property	Docket Number	Amount	Vote
AJMS LLC	1-009-965-056	1,287,000.00	McCray, Werk, Moyle: Aye
Barber Dam Hydro	0-516-085-760	1,302,000.00	McCray, Moyle, Werk: Aye
BC Hydro LP	2-083-706-880	310,000.00	McCray, Moyle, Werk: Aye
Bell Mountain Hydro	1-407-932-416	199,000.00	McCray, Moyle, Werk: Aye
Birch Creek Hydro	0-262-854-656	2,560,000.00	McCray, Moyle, Werk: Aye
Black Canyon Hydro	0-296-671-232	81,000.00	McCray, Werk, Moyle: Aye
Briggs Creek Hydro	0-687-921-152	610,000.00	McCray, Werk, Moyle: Aye
Bypass Limited	1-110-628-352	3,304,000.00	McCray, Werk, Moyle: Aye
Crystal Springs Hydroelectric LP	1-413-961-728	1,726,000.00	McCray, Werk, Moyle: Aye
Dietrich Drop Hydro	1-951-619-072	1,824,000.00	McCray, Werk, Moyle: Aye
Dry Creek LLC	0-573-757-440	1,524,000.00	McCray, Werk, Moyle: Aye
Hazelton A Hydroelectric	0-877-090-816	4,159,000.00	McCray, Werk, Moyle: Aye
Hazelton B Hydroelectric Project	0-864-147-456	3,515,000.00	McCray, Werk, Moyle: Aye
Jim Knight Hydro Plant	0-721-213-440	220,000.00	McCray, Werk, Moyle: Aye
Lateral 10 Venture	0-434-821-120	1,184,000.00	McCray, Werk, Moyle: Aye
Lemhi Hydropower Company	1-081-531-368	206,000.00	McCray, Werk, Moyle: Aye
Little Wood River Ranch II	1-336-596-480	623,000.00	McCray, Werk, Moyle: Aye
Lowline Rapids LLC	1-152-571-392	993,000.00	McCray, Werk, Moyle: Aye
Magic Reservoir Hydro Inc.	0-028-235-776	2,247,000.00	McCray, Werk, Moyle: Aye
Marco Power Inc	0-565-106-688	426,000.00	McCray, Werk, Moyle: Aye
Marsh Valley Development	0-799-725-568	785,000.00	McCray, Werk, Moyle: Aye
Midway Power LLC	1-852-233-728	1,258,000.00	McCray, Werk, Moyle: Aye
Mile 28 Water Power Project LLC	1-638-848-512	672,000.00	McCray, Werk, Moyle: Aye
Mink Creek Hydro LLC	0-428-464-128	1,375,000.00	McCray, Werk, Moyle: Aye
North Gooding Main	1-647-499-264	1,327,000.00	McCray, Werk, Moyle: Aye
North Side Canal Co	1-583-798-272	1,424,000.00	McCray, Werk, Moyle: Aye
Pigeon Cove	0-518-182-912	1,414,000.00	McCray, Werk, Moyle: Aye
Riverside Hydro I LLC	0-639-424-512	743,000.00	McCray, Werk, Moyle: Aye
Rock Creek Joint Venture	1-873-467-392	1,851,000.00	McCray, Werk, Moyle: Aye
Sagebrush Hydro Plant	0-286-218-240	209,000.00	McCray, Werk, Moyle: Aye
Shoshone Hydro Project	1-046-927-360	753,000.00	McCray, Werk, Moyle: Aye
St Anthony Hydro LLC	2-120-669-184	1,193,000.00	McCray, Werk, Moyle: Aye
Wilson Lake Hydro Project	1-143-396-352	4,272,000.00	McCray, Werk, Moyle: Aye

Commissioner Katsilometes thanked Nathan Nielson, Deputy Attorney General representing Operating Property Bureau and the staff that worked with him for all the hard work they did on this case to make it as seamless as possible. He also thanked Kolby Reddish for his work on Idaho Power and Avista Gas and Electric. Mr. Skinner provided that the state has won the portion of the Idaho Power case that questioned the applicability of the 4-R Act. There's a motion for summary judgement on the second portion and the judge wants to hear argument.

The Board will now consider the approval of **Equalization of Centrally Assessed Values for 2021**. Jerott Rudd, Bureau Chief over Operating Property at the Tax Commission. He thanked the

members of the Board for their work on the operating property appeals over the last few days. These were complicated issues, and he appreciates the Board's efforts to attempt to understand them and come to the correct answer value. He provided the Board documents at the beginning of today's meeting. They have adjusted the value for Lumen Technologies, Inc. to reflect \$223,000,000 for the current value. The totals for operating property are on page 8 the first document. The values for operating property he is recommending to the Board is a grand total of \$7,631,154,036. They subtract the rail cars that are valued at under \$500,000 at \$480,000. That tax goes to the state public school fund instead of going to the counties, so the total operating property value apportioned to the counties is the final number shown of \$7,630,673,959. The first document is called the YR43, for the information of the Board. The second document is a YR68 and shows the apportionment to the counties of that value. Those are the operating property values they recommend to the Board.

Commissioner Werk motioned that the Board approve the value of operating property apportioned to counties of \$7,630,673,959. Commissioner McCray seconded the motion. All commissioners voted aye, and the motion was approved.

Mr. Rudd presented the **2021 Irrigation Exemption** for the Board's consideration. They calculate an irrigation exemption for five companies. As background, this is an exemption in Idaho Code section 63-602 that allows for an exemption on irrigation assets that are used for irrigation purposes. The exemption is applied to the power providers appraisal, but the benefit of that exemption applies to the irrigators. The power producer will credit the irrigation users that accounts for the property tax that was saved through the exemption. Mr. Rudd recommends the final 2021 Irrigation Exemption of \$427,455, 534.

Commissioner McCray motioned to accept the 2021 Irrigation Exemption of \$427,455,534. Commissioner Moyle seconded the motion. All commissioners voted aye, and the motion was approved.

The Board will now equalize the **Centrally Assessed Values**. Alan Dornfest, Property Tax Policy Bureau Chief presented the final version of the Abstracts which represent the values set by the assessors and equalized by the County Boards of Equalization around the state. Mr. Dornfest recognized Matt Virgil, on the phone, who did much of the research to answer the questions of the Board. He noted a few corrections for the Board. They see nothing wrong with the abstracts. They appreciate the concerns the Board brought to his attention. Commissioner Katsilometes appreciates his work on this every year. Mr. Dornfest thanked his staff, in particular Archie Keeton. Ben Seloske is also present and will take over for Mr. Keeton who has moved into another position within the Tax Commission. Mr. Dornfest asked that the Board approve the Abstract as represented in this report and as submitted by the counties. There is no indication that anything needs further equalization at the county level.

Commissioner Moyle motioned to accept the numbers presented today and she thanked Mr. Dornfest for the explanations he has provided. Commissioner McCray seconded the motion. All commissioners vote aye, and the motion was approved.

Other Business:

Commissioner Katsilometes thanked the Board for their work this year with the Board of Equalization. This is one of the best Boards he has worked with over his years of public service.

Commissioner McCray was granted permission to make an announcement. Today is bittersweet. This is Commissioner Werk's last opportunity to sit on the Board of Equalization. He will be leaving the Tax Commission at the end of the month. Commissioner Werk has been serving the state for over 19 years; first as a State Senator in 2002, then when he resigned in 2015 to come work with the Tax Commission. Commissioner McCray said he doubts he will ever meet anyone that is as enthusiastic about the only three-letter swear word in the English language: TAX; his ringtone is "Tax Man." Everyone knows Commissioner Werk's commission expired in March, but we didn't see any drop in performance or work. He was dedicated and digging in on the cases he was assigned, making sure he understood the issues, and most importantly, shared his knowledge with him as he transitioned and helped bring him up to speed. Commissioner McCray said, "Commissioner Werk: you are very dedicated and devoted to the Tax Commission, so, on behalf of the Tax Commission, I'd like to thank you for your 19 years of service to the state of Idaho and your 6-1/2 years of service to the Commission." On a more personal note, Commissioner McCray thanked him for "sticking it out" and not dropping performance by any iota during this transition time, for continuing to be devoted to the commission and to him. He will be sorely missed.

Commissioner Werk said his last day will be September 3.

Commissioner Katsilometes recessed the Board until 9:00 a.m. on Monday, August 23, 2021.

Maria Young
Secretary

Tom Katsilometes
Chairman of the Idaho State Board of Equalization