

**STATE BOARD OF EQUALIZATION  
OPEN MEETING  
MINUTES OF MEETING HELD AUGUST 19, 2022**

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

Commissioner Katsilometes, Chairman for the State Board of Equalization, reconvened the State Board of Equalization for 2022 (Board) at 9:00 a.m. August 19, 2022.

Commissioner Katsilometes recognized Alan Dornfest, Property Tax Policy Bureau Chief to present the report on the recommendations for adjustment on the railroad assessments, in accordance with the Railroad Revitalization and Regulatory Reform Act (“4R Act”) of 1976. Mr. Dornfest and his team conducts ratio studies to ensure commercial and industrial property in the area served by the railroads have a ratio assessment of at least 95% of those values. If the assessment isn’t 95%, they recommend adjustments to the values for the railroads to match the commercial and industrial assessments. Mark Southard, Senior Appraiser with the Operating Property Bureau was recognized to speak and said he worked with Mr. Dornfest this year and the recommended adjustments were more substantial than in past years. Ten of the eleven railroads received an adjustment. Typically, the adjustments are between 8% - 15%; this year, those adjustments were between 18% - 25% range: the commercial and industrial values were down, so consequently, the adjustment went up.

George Brown, Property Tax Division Administrator, was recognized and explained the 4R Act. The railroad appraisals are considered at 100%, so to remain within compliance of the Act, that value must be modified to fall within the 5% window of commercial and industrial properties in those counties where there is a railroad. Every year, there is generally a downward adjustment of the railroad. The Board receives a report so they may review the market conditions and what the Operating Property Bureau has done to remain in compliance with the 4R Act for the current year. Mr. Dornfest noted that all counties are in compliance with the 4R Act.

**Action Items:**

The Board considered the decisions for the **non-utility generators (NUGs)**. Mr. Skinner explained that pursuant to rule, each party chose to waive their hearings and request an appealable decision and entered a stipulation, since their cases are already in court. The decisions before the board uphold the values of staff.

Commissioner Moyle was recognized and voiced her disapproval of the stipulation agreement process saying she would prefer to hear the cases every year because she doesn’t believe these stipulations are fair to the counties. Mr. Skinner responded that stipulations are allowed in courts, also: if one party doesn’t appear, the other party wins the case. He understands Commissioner Moyle’s concern, but procedurally, it’s an opportunity they have to say it isn’t cost effective and is a waste of everyone’s time. Nate Nielson, Deputy Attorney General assigned to the Tax Commission was recognized and explained that the three previous years aren’t affected by this year’s stipulation. Those three years are before the District Court who will decide all three of those years. The stipulation for this fourth year is that this can also be appealed to District Court. Presumably, after the decision is entered for the other three years, the state and the plaintiffs will agree to do the same for this fourth year; however, there is no agreement to do that. It’s possible this fourth year could be individually

appealed to District Court and the state would still need to defend the values. This stipulation only affects the decision here by the Board and has no bearing on whether they can litigate in the future. The first three years will be before the court in mid-September.

**Commissioner McCray motioned to approve the decisions, as drafted by legal counsel, for the 34 non-utility generators listed on the agenda and accept the values in those decisions. Commissioner Zwygart seconded the motion. All commissioners voted aye, and the motion was approved.**

The 34 non-utility generators are:

| <b>Property</b>                  | <b>Docket Number</b> | <b>Amount</b>    |
|----------------------------------|----------------------|------------------|
| AJMS, LLC                        | 0-516-719-616        | <b>925,000</b>   |
| Barber Dam Hydro                 | 1-062-634-496        | <b>1,247,000</b> |
| BC Hydro LP                      | 2-078-442-496        | <b>292,000</b>   |
| Bell Mountain Hydro              | 0-564-560-896        | <b>169,000</b>   |
| Birch Creek Hydro                | 0-563-774-464        | <b>2,368,000</b> |
| Black Canyon Hydro               | 2-136-376-320        | <b>67,000</b>    |
| Briggs Creek Hydro               | 1-351-517-184        | <b>572,000</b>   |
| Bypass Limited                   | 1-637-516-288        | <b>3,256,000</b> |
| Dietrich Drop Hydro              | 1-791-132-672        | <b>1,751,000</b> |
| Dry Creek, LLC                   | 0-295-339-008        | <b>1,433,000</b> |
| Hazelton A Hydroelectric         | 1-454-015-488        | <b>4,571,000</b> |
| Hazelton B Hydroelectric Project | 1-369-080-832        | <b>3,418,000</b> |
| Jim Knight Hydro Plant           | 1-616-675-840        | <b>212,000</b>   |
| Lateral 10 Venture               | 0-448-955-392        | <b>1,071,000</b> |
| Lemhi Hydropower Company         | 1-888-388-096        | <b>181,000</b>   |
| Little Wood River Ranch II       | 1-217-299-456        | <b>555,000</b>   |
| Littlewood Hydro Project         | 0-357-860-352        | <b>913,000</b>   |
| Lowline Rapids, LLC              | 0-143-557-632        | <b>945,000</b>   |
| Magic Reservoir Hydro, Inc.      | 0-634-684-416        | <b>1,925,000</b> |
| Marco Power, Inc.                | 1-494-647-808        | <b>416,000</b>   |
| Marsh Valley Development         | 0-917-144-576        | <b>756,000</b>   |
| MC6 Hydro                        | 0-832-209-920        | <b>1,895,000</b> |
| Midway Power, LLC                | 1-905-951-744        | <b>1,189,000</b> |
| Mile 28 Water Power Project, LLC | 1-708-426-240        | <b>687,000</b>   |
| Mink Creek Hydro LLC             | 0-388-924-416        | <b>1,367,000</b> |
| North Gooding Main               | 1-990-886-400        | <b>1,043,000</b> |
| North Side Canal Company         | 0-161-121-280        | <b>1,134,000</b> |
| Pigeon Cove Power Company, LLC   | 0-997-295-104        | <b>1,414,000</b> |
| Riverside Hydro I LLC            | 0-925-795-328        | <b>714,000</b>   |
| Rock Creek Joint Venture         | 0-246-055-936        | <b>1,789,000</b> |
| Sagebrush Hydro Plant            | 1-918-534-656        | <b>216,000</b>   |
| Shoshone Hydro Project           | 1-234-863-104        | <b>699,000</b>   |
| St. Anthony Hydro, LLC           | 1-319-797-760        | <b>989,000</b>   |
| Wilson Lake Hydro Project        | 0-680-428-544        | <b>4,121,000</b> |

The Board considered the decisions for **Idaho Power, Avista Corporation – Gas, and Avista Corporation – Electric**. The parties 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 Zwygart motioned to accept the decisions and values, as drafted**

by legal counsel. Commissioner McCray seconded the motion. All commissioners voted aye, and the motion was approved.

| Property                      | Docket Number | Amount        |
|-------------------------------|---------------|---------------|
| Idaho Power                   | 1-267-631-104 | 4,283,929,400 |
| Avista Corporation - Electric | 1-938-981-888 | 2,892,778,339 |
| Avista Corporation - Gas      | 1-430-946-816 | 1,016,046,067 |

The Board considered the decision for **Lumen Technologies, Inc.** Commissioner Moyle motioned to approve the decision as drafted by legal counsel for Lumen Technologies, Inc. with the Idaho taxable value of \$245,600,000. Commissioner Zwycart seconded the motion. All commissioners voted aye, and the motion was approved.

The Board considered the decision for **Rathdrum Power**. Commissioner Zwycart was recognized and said he asked legal counsel to draft a second opinion because upon review of the presentations, the state corrected the initial assessment. For the record, he did not speak with the appraiser, Kyle Rayworth; he only reviewed the slides provided for the presentation. The presentation indicates the new assessment was based on corrected information. The original value was based on incorrect submitted information. The state's corrected assessment reflects the income that would have been originally concluded had the correct information been submitted. He asked for a second draft decision because if the correct information had brought the value down by that new information, the Board would have used that value. Assessing seems to be gathering information. The state allowed them to provide corrected information so why, therefore, would we not use that to provide a new assessment.

Commissioner Moyle motioned that the Board accept the decision, as drafted by legal counsel, with the petitioner's operating unit at \$57,194,894 and the Idaho taxable value of \$54,335,000. Commissioner McCray seconded the motion. Commissioner Katsilometes said that because there were two decisions requested, he will conduct a roll call vote. Mr. Skinner clarified that this is the decision based on the original assessment of value for Rathdrum Power. He provided that should a commissioner choose to dissent, they would indicate that on the decision in the signature line. Commissioner McCray and Commissioner Moyle voted aye; Commissioner Zwycart voted nay.

The Board considered the approval of the **Equalization of Centrally Assessed Values for 2022**. Jerott Rudd, Property Tax Operating Property Bureau Chief, was recognized to present the operating property values for 2022. Mr. Rudd said there are two parts to this process; the first is to **certify the irrigation exemptions for 2022**. The Board is asked to certify the total irrigation exemption for 2022 of \$443,797,720. Mr. Rudd provided background on the irrigation exemption saying it is the exemption to provide a credit to irrigators that use the electricity of a utility for irrigation purposes. The utility will receive an exemption on the appraisal, but that exemption benefit accrues to the irrigation users as a credit on their bill. It isn't an exemption to the utility, as they must credit the irrigator.

Commissioner Moyle motioned to approve the value, \$443,797,720 as presented for the total irrigation exemptions. Commissioner McCray seconded the motion. All Commissioners voted aye, and the motion was approved.

Mr. Rudd continued with the summary of operating property for 2022. There are two reports: The first report shows each company and a comparison of last year's values to this year's values and

the total of operating property apportioned to counties at \$8,170,595,811 for a 7.18% increase over last year. The second report is also a summary of operating property values, but by apportioned value to the counties, and a comparison of 2021 apportionment to the 2022 apportionment with a total of \$8,170,595,802. Mr. Rudd was asked if this value accounts for the initial appraisal for Rathdrum Power as approved by the Board. Mr. Rudd said the number just presented to the Board for consideration did not account for the initial appraisal value for Rathdrum Power. The correct total for operating property is **\$8,160,547,811** and the apportionment is **\$8,160,547,802**. These values are presented to the Board for certification for 2022 Operating Property.

**Commissioner Moyle motioned to approve the values, as presented, for operating property. Commissioner Zwygart seconded the motion. All Commissioners voted aye, and the motion was approved.**

Commissioner Katsilometes recognized Alan Dornfest, Property Tax Policy Bureau Chief, who reported that all abstracts are aligned with the market value requirements with the exception of certain properties in Bonneville County and Benewah County that were not granted the expanded transient property exemption. The Board is asked to approve the abstracts in the state and to also approve the orders for Bonneville and Benewah counties to make the appropriate adjustments to grant the exemptions to taxpayers for which they were not granted.

**Commissioner Moyle motioned to accept the abstracts and orders for Benewah County and Bonneville County, as stated.** She commented this has been a challenging year and she appreciates Mr. Dornfest and his Bureau catching the errors before they were presented to the Board for consideration. **Commissioner Zwygart seconded the motion. All Commissioners voted aye, and the motion was approved.**

Mr. Skinner noted the Board is scheduled to reconvene on Monday, August 22, 2022, to conclude any remaining business and to adjourn the 2022 Board of Equalization.

Commissioner Katsilometes recessed the Board until 9:00 a.m. on Monday, August 22, 2022.

Maria Young  
Secretary

Tom Katsilometes  
Chairman of the Idaho State Board of Equalization