

MINUTES
Approved by the Committee
Committee on Federalism
Wednesday, March 02, 2022
4:00 P.M.
Room WW02
Boise, Idaho

Members in attendance: Cochair Representative Dixon and Representatives Boyle, Horman, and Mathias (Woodings); Cochair Senator Vick and Senators Johnson (Blair), Crabtree, and Nelson. Absent/excused: Representative Blanksma; Senator Harris. LSO staff in attendance: Katharine Gerrity (via teleconference) and Jennifer Kish.

Other attendees: Jonathan Oppenheimer, Eliza Walton - Idaho Conservation League; Ryan Freeman - AEON AI; Allen Shoff, George Wentz, Mauricio Cardona - Davillier Law Group.

NOTE: Presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature's website <https://legislature.idaho.gov/sessioninfo/2021/interim> and copies of those items are on file at the Legislative Services Office in the State Capitol. Recordings of the meeting may be available under the committee's listing on the website.

Cochair Dixon called the meeting to order at 4:03 p.m.; a silent roll call was requested.

OPENING REMARKS / APPROVAL OF MINUTES

Cochair Dixon asked for approval of the minutes. **Senator Crabtree made a motion to approve the minutes of the November 18, 2021, meeting. The motion was approved unanimously.**

COMPARISON OF RESPONSES TO RFPs

Cochair Dixon invited **Julie Weaver**, Section Chief of the General Counsel and Fair Hearing Unit, and **Rachel Koltz**, Deputy Attorney General, from the Office of the Attorney General to provide an overview of the [comparison](#) prepared on the RFP submissions. Ms. Koltz reviewed the comparison document and Ms. Weaver summarized the next steps: discuss any changes to the proposal, sign an agreement with the vendor, and discuss who will sign the final agreement.

- Rep. Boyle inquired whether the RFP requested the vendor to identify what county(ies) would be studied. Ms. Koltz reported that it did not.
- Sen. Crabtree asked why one vendor identified Canyon County for a pilot program. Ms. Koltz noted that the explanation (for AEON) occurred on page 11 of the comparison document.
- Sen. Blair noted that both vendors requested \$250,000, but that one had software already developed. He inquired whether the other vendor needed part of those funds to develop software.

Q/A OF RESPONDEES

AEON - Ryan Freeman

Mr. Freeman explained that AEON had worked with the state of Utah on a similar project. He noted that the Utah study attempted to identify the value of public lands within metro areas, hence the reason AEON chose Canyon County for the study in its proposal. Mr. Freeman provided a demonstration of the capabilities of the software via screen-sharing function. He noted that much of the cost was to acquire and enter the appropriate data for the software. He emphasized the

need to understand the data for zoning codes, grazing permits, etc., and that AEON's software already had that algorithm.

- Rep. Woodings asked why the AEON proposal focused only on Canyon County. Mr. Freeman explained that the focus could be placed on any one county or a multiple of counties, if desired. Cochair Dixon commented that the RFP did not identify any specific county but that he found it important to look at some of the northern counties that encompassed more forestland.
- Sen. Nelson inquired whether the disparity of PILT (Payment In Lieu of Taxes) was better to be studied within city boundaries like Canyon County rather than wilderness area metros. Mr. Freeman noted that Utah found the land valuation disparity was greater for those land-locked federal lands within city boundaries.
- Sen. Nelson then inquired about other projects outside of the work with Utah. Mr. Freeman reported that AEON had contracted to work with the state of Wyoming before everything shut down for COVID and the contract was pulled; AEON was in talks with the state of Arizona and pursuing California and Nevada. He noted that the company could work only on one or two projects a year due to the time needed for the data entry. Sen. Nelson asked whether any results had been made per the exposition of the disparity. Mr. Freeman reported that movement was in the works with US Senator Lee of Utah.
- Cochair Dixon inquired whether the software could determine the ability for development based on the landscape. Mr. Freeman reported that it could.
- Sen. Nelson asked whether the model could accommodate property tax exemptions for grazing on timberland. Mr. Freeman responded that similar constraints were used in Utah, so yes, the data could be included.

DAVILLIER LAW GROUP - Allen Shoff, George Wentz, and Mauricio Cardona

Mr. Shoff explained that his company would use the Idaho Tax Commission's valuation and appraisals of land as the basis for the study. He explained that Davillier chose five northern counties for the study because of the prevalence of federal lands; also, there was a good mixture of in-holdings of federal land to study along with a mixture of uses: grazing, farming, forestry, etc. He touted the transparency of the software which may be called into question for litigation. Mr. Wentz emphasized the need to create defensible results with the data in the event the results were used to request increased value for PILT. He explained that Davillier did not need to create the software but rather needed to modify existing software to accommodate Idaho's study.

- Rep. Horman inquired whether the software/intellectual information would be the property of Davillier Law Group or the state of Idaho. Mr. Wentz responded that it would be Idaho's property. Rep. Horman asked whether the final product would be used to participate in litigation. Mr. Wentz explained that the purpose of the software was to correct the PILT value for Idaho; it was not Davillier's intention to market the product to other entities.
- Rep. Woodings inquired about any ongoing maintenance costs of the software beyond the pilot program. Mr. Shoff responded that training of and updates for the software were budgeted into the plan. Rep. Woodings inquired about the time commitment of local staff in providing data for the software. Mr. Shoff noted that local staff were needed for identifying data sources for use in the process, not for the importing of the data. Mr. Cardona commented that a survey would be distributed to the counties and assessors, as well as the tax commission, in order to identify those databases and to obtain access to those databases.
- Sen. Vick inquired about the time commitment required of local staff and whether compensation for their time was part of the budget. Mr. Wentz noted that the budget did not account for compensation of local staff's time to identify those databases for the download and expected the time to be just a few hours to identify those databases.
- Cochair Dixon asked whether the pilot project could be adjusted to accommodate a county with BLM land. Mr. Cardona agreed that it could.

- Sen. Nelson wondered about Davillier's understanding that there was no taxation on public lands per the Constitution and whether other states had any success in changing the PILT evaluation. Mr. Wentz noted that it was true, federal lands could not be taxed, which was the intention of PILT to compensate states for that land, but that the valuation was flawed. He reported that Kane Co., Utah was successful in litigating to receive its full PILT value [Kane Cty., UTAH v. U.S. 2017 & 2108]. He emphasized the need to have strong data to support one's leverage for litigation with the federal government.

Sen. Crabtree made a motion that the selection of a vendor for the proposal be left in the hands of the cochairs. Cochair Dixon recused himself from that decision-making responsibility by declaring a potential conflict of interest with one of the vendors. Sen. Crabtree thus withdrew his motion.

Cochair Dixon stated that the committee would attempt to meet in the near future to discuss the proposals and make a decision.

UPDATE ON TREASURY ISSUES

At 5:26 p.m., Julie Ellsworth, Idaho State Treasurer, provided comments to accompany handouts on various issues. Items included: opposition to the proposal for financial institutions to report certain private bank transactions; opposition to the proposal for the US Postal Service to handle consumer finance services; opposition of appointee Saule Omarova to head the Office of the Comptroller of the Currency; opposition to discourage financial lending to industries related to fossil fuels; opposition of appointee Sara Bloom Raskin as VP for Supervision of the Federal Reserve; and opposition for favored lending to institutions with strong ESG rankings by way of the rulemaking process.

With no further business before the committee, the meeting was adjourned at 5:32 p.m.