

MINUTES
Approved by the Committee
Committee on Federalism
Thursday, September 15, 2022
12:30 P.M.
State Capitol
Boise, Idaho

Members in attendance: Cochair Representative Dixon and Representatives Boyle, Blanksma (remote), Horman (remote), Mathias (remote); Cochair Senator Vick (remote) and Senators Johnson (remote), Harris, and Nelson (remote). Absent/excused: Senator Crabtree. Legislative Services Office (LSO) staff in attendance: Kolby Reddish, Katharine Gerrity (remote), Matt Drake (remote), and Jennifer Kish.

Other attendees: Clark Corbin - Idaho Capital Sun; Brian Brooks - Idaho Wildlife Federation; Justin Vaughn - Idaho Bankers Assoc.; Mary Sue Jones, Joe Gibson - State Treasurer's Office.

NOTE: Presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature's website <https://legislature.idaho.gov/sessioninfo/2022/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.

OPENING REMARKS / APPROVAL OF MINUTES

Cochair Dixon called the meeting to order at 12:31 p.m.; a silent roll call was requested.

Cochair Dixon asked for a motion on the minutes for the June 7 meeting. **Senator Johnson moved to approve the minutes of the June 7 meeting; Representative Boyle seconded the motion. The motion was approved unanimously by voice vote.**

REPORT FROM AEON AI - IDAHO PILT STUDY

Cochair Dixon invited Ryan Freeman, Chief Executive Officer for *AEON AI*, to share the results of the Idaho Payment in Lieu of Taxes (PILT) pilot study. Mr. Freeman recognized his lead data technician Ryland, also in attendance via video, to assist in the explanation of the report. Ryan provided a brief overview of the [PILT Analysis Report](#), which included a brief history of PILT and a summary of the results of the three Idaho counties studied. He then demonstrated the data tool by showing the many layers of information and how each piece of data may be accessed or viewed. Mr. Freeman noted that property valuation within AEON's study was much more intricate due to the use of data such as soil content and slope, water availability, existing infrastructure, and other hard data rather than a valuation based simply on surrounding properties values.

- Sen. Nelson asked whether the reported 2021 PILT value included the Secure Rural Schools (SRS) payments. Mr. Freeman responded that the federally reported PILT value was used; Ryland noted that the data was from the Dept. of the Interior. Sen. Nelson commented that the SRS value may be missing from the data and could affect the value.
- Rep. Blanksma inquired about the deliverables of the contract: access to the database, a summary report, or other items. Mr. Freeman responded that AEON would provide access to the database for as many users as requested, and the written report that he was summarizing would be delivered via email to members. Kolby Reddish, LSO Legal Counsel, confirmed that the deliverables due per the contract were use of the data tool and the report.
- Rep. Horman commented that the results, even for only three counties, were stunning, and that the capabilities of the software were impressive. She inquired about other potential applications of the database. Mr. Freeman reported that a few cities in Idaho were using similar data tools

to quickly analyze affects for rezoning requests, which normally takes a lot of staff hours to analyze. He noted that different versions of the database were used by cities in Utah and Florida for studying traffic patterns and for identifying property needs for businesses; he added that potential applications were yet to be discovered.

- Cochair Dixon asked whether the database was limited to the three counties (Boundary, Canyon, and Clearwater) or if it provided statewide data. Mr. Freeman affirmed that the data applied only to the three counties identified in the contract. He noted that an expanded study of the state would be interesting to understand whether the trend holds or balances out.
- Rep. Horman asked for clarification on how to access the data tool in order to view holdings such as federal land. Mr. Freeman stated that the committee would provide names of those who should be granted access to the data tool and AEON would make a user login for each of those individuals. Cochair Dixon suggested that every member of the Legislature would be interested in the data tool and, should that be within the purview of the contract, they should all have access. After some thought, Cochair Dixon, citing the substantial changeover expected of the incoming Legislature, requested that access to the data tool be limited to members of the committee at this time. Committee members agreed with that limitation. Cochair Vick proposed that LSO staff send an email inquiring whether legislative members outside of the committee wanted access to the database.
- Rep. Boyle noted that SRS distributions (referenced earlier by Sen. Nelson) fluctuate each year and that the funds were administered to specific counties per the Forest Service application process. She reported that Boundary received \$1.98/acre and Clearwater received \$1.54/acre in 2021. Mr. Freeman inquired whether the committee would like that data source added into the model. Cochair Dixon surmised that such data would be valuable information to include.
- Sen. Johnson inquired why a statewide study would be necessary given the evidence already summarized. Mr. Freeman theorized that a statewide study would better test the data to confirm the initial findings and further make the point of the iniquity of current PILT payments. Sen. Johnson commented that Idaho could use its pilot-study findings and the results of Utah's findings to impress that point without having to expend additional money. He stated that the bigger issue was how to convince those at the federal level to change the current policy of PILT payments. Rep. Blanksma stated that she needed more time to review the current analysis before deciding where to go next. Cochair Dixon submitted that it was better for Idaho to stand on its own study rather than use that of another state to influence policy changes and expressed an interest in seeing a wider study on Idaho.

With no further questions from the committee, Cochair Dixon thanked the presenters for their work and put the committee at ease.

COMMITTEE DISCUSSION ON POTENTIAL LEGISLATION PER ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES

With the committee back in order, Cochair Dixon explained that the next agenda item was focused on topics relevant to the committee's charge to monitor and review federal acts, laws, and regulations that may impact the state of Idaho and evaluate whether such items violated the principles of federalism.

Treasurer Ellsworth presented to the committee a [packet of correspondence](#) from her office to both government and private organizations regarding environmental, social, and governance (ESG) investment practices being implemented or with the potential of being implemented. She noted that many other state treasurers had signed on to these correspondences and were united in opposition to the application of these practices. Treasure Ellsworth reported on Senator Crapo's proposed amendment (S.4817) to the Inflation Reduction Act of 2022 to prevent the use of additional IRS funds for audits of taxpayers with taxable incomes below \$400,000; while not an ESG issue, it was

a concern regarding the expansion of the Internal Revenue System (IRS). She reported that Visa, MasterCard, and American Express had recently adopted a new merchant category code (MCC) for gun retailers, raising concerns of tracking issues.

- Rep. Boyle asked whether guidelines existed for entities to follow to increase an ESG score. Treasurer Ellsworth noted that she was not aware of such but did see guidance coming in the form of regulation.
- Cochair Vick inquired whether recent state legislation effectively dealt with ESG issues. Treasurer Ellsworth reported that there were many facets within ESG issues and that the recent legislation dealt with investment funds and proxy vote practices. She commented that while that may have addressed investment issues, that there may be banking issues in the future.

Having no other presentations, Cochair Dixon suggested a meeting to be planned for late October or early November. Senator Nelson requested the committee consider a date after election day (November 8).

With no further business before the committee, the meeting was adjourned at 1:40 p.m.