

IDAHO STATE TAX COMMISSION

COMMISSIONERS' OPEN MEETING MINUTES OF MEETING JANUARY 7, 2015

In attendance: Commissioners Richard W. Jackson, Tom Katsilometes, and Ken A. Roberts; Michael Chakarun, Debbie Coulson, Valerie Dilley, Steve Fiscus, Scott Grothe, Roxanne Lopez, Robin O'Neill, Mark Poppler, Chuck Pond, Liz Rodosovich, Mike Teller, Bill von Tagen, Doreen Warren; Redge Clapp, James Pendergrass, Glenda Smith, Mark Stones; George Brown, Mat Cundiff, David Young.

Guests: Benjamin Davenport.

Public Session.

Chairman Richard W. Jackson convened the open meeting. Chairman Jackson welcomed guest, Benjamin Davenport, President of Associated Taxpayers of Idaho (ATI), and stated how the Commission appreciated his interest and participation.

The Chairman opened for a motion to adopt the Proposed Second Amended Agenda for the Open Meeting on January 7, 2015, which defers the Administrative Policy #15-01 – Outside Employment and Business Activity until the next open meeting in February. Commissioner Ken A. Roberts so moved and Commissioner Tom Katsilometes seconded. All voted in the affirmative and the second amended agenda for the meeting was adopted.

Presentation of Certificates of Service.

Roxanne Lopez, Human Resources Officer, acknowledged the employees receiving a Certificate of Service, and stated how much their combined 30 years of state service were appreciated.

None of the Certificate of Service recipients attended, due to training and being out of the area in our field offices. The absent recipients who will receive their certificates at a later time are: Nancy Allen, Tax Auditor 2 (Audit), and Shauna Smithee, Tax Compliance Technician, Twin Falls Field Office (Collection), for 5 years of state service; and Aimee Fisher, Tax Auditor 3, Twin Falls Field Office (Audit), and Christen Lewis, Tax Auditor 2 (Audit), for 10 years of state service.

The Commissioners expressed their congratulations to all the recipients and said how the recipients' combined total of 30 years of dedicated state service was commendable and how the everyday work they do is appreciated.

Business Requiring Vote of the Commission.

Minutes: Open Meetings – December 3, 2014; December 8, 2014; ISTC Annual Meeting – December 9, 2014.

Commissioner Roberts moved that the minutes of the open meetings held on December 3, 2014, and December 8, 2014, and the ISTC Annual Meeting – December 9, 2014, be approved. Commissioner Katsilometes seconded. There were no comments or amendments. All voted in the affirmative and the minutes of the open meetings on December 3, 2014, and December 8, 2014, and the ISTC Annual Meeting – December 9, 2014, were approved.

Resolution 15-01 – Delegations of Authority.

Chuck Pond, Security and Safety Officer, presented Resolution 15-01 – Delegations of Authority, to the Commission. Chuck noted that Resolution 15-01 was The Tax Commission's annual update to the delegation of authority, which identifies the authority employees have delegated to them by the Commission. Employees possess authority only to the extent that authority is entrusted to them through a written delegation. The changes this year are: the Audit Division and Collection Division are now two distinct divisions; section 18 on refunds was added on page 4; Information Technology (IT) is now included in this resolution rather than having a separate delegation. Chuck recommended the Commission adopt Resolution 15-01 and stood for questions.

Chairman Jackson confirmed that now the delegations of authority note positions, rather than employee names. Chuck added that when Idaho statutes grant powers or impose duties, "Commission" means the commissioners and not the agency.

Commissioner Roberts moved that Resolution 15-01 – Delegations of Authority be adopted, and Commissioner Katsilometes seconded. There were no comments or questions. All voted in the affirmative and Resolution 15-01 – Delegations of Authority was adopted.

Resolution 15-02 – MOU on Fuels.

Chuck Pond, Security and Safety Officer, presented Resolution 15-02 – MOU on Fuels, to the Commission. Chuck noted Resolution 15-02 regards a request to enter into a Memorandum of Understanding (MOU) with the Internal Revenue Service (IRS), Federal Highway Administration, and other states to comprise the Joint Operations Center (JOC) for National Fuel Tax Compliance. Entering into this MOU would improve our ability to administer Fuels Tax and maximize revenue for the state of Idaho.

Chuck noted that in the past the Commission has signed into MOUs outside of this meeting. In the spirit of openness and advice of counsel, this forum will give taxpayers an understanding of our intended actions and inform them the Tax Commission is sharing their information. While the current MOUs would allow the Tax Commission to get this information, this MOU will allow participation in the JOC. Chuck recommended the Commission adopt Resolution 15-02 – MOU on Fuels and stood for questions.

Commissioner Roberts moved that Resolution 15-02 – MOU on Fuels be adopted, and Commissioner Katsilometes seconded. There were no comments or questions. All voted in the affirmative and Resolution 15-02 – MOU on Fuels was adopted.

Administrative Policy #15-02 – Sales Solicitation in Tax Commission Offices.

Roxanne Lopez, Human Resource Office, presented the Administrative Policy #15-02 – Sales Solicitation in Tax Commission Offices, and recommended the Commission adopt the updated policy, with two additional amendments. One amendment added the term "employees" with "vendors" in part A, and the other added the use of email as a resource in part B.

Roxanne responded to questions from the commissioners on the policy's purpose. Although the agency has been fortunate that there has not been any abuse, it is necessary to renew the policy to have some control over these activities in the workplace, avoiding the disruption of work, and to require these activities be done outside of work time.

Commissioner Roberts moved that Administrative Policy #15-02 – Sales Solicitation in Tax Commission Offices, be adopted with the two amendments, and Commissioner Katsilometes seconded. There were no more comments or questions. All voted in the affirmative and

Administrative Policy #15-02 – Sales Solicitation in Tax Commission Offices, was adopted with the two amendments.

Administrative Policy #15-03 – Domestic Violence.

Roxanne Lopez, Human Resource Office, presented the Administrative Policy #15-03 – Domestic Violence, and recommended the Commission adopt the updated policy. Roxanne clarified for Commissioner Katsilometes that the purpose of the policy is to address concerns of domestic violence, its impact in the workplace and to provide employees with valuable information regarding available resources.

Commissioner Katsilometes moved that Administrative Policy #15-03 – Domestic Violence, be adopted, and Commissioner Roberts seconded. There were no more comments or questions. All voted in the affirmative and Administrative Policy #15-03 – Domestic Violence, was adopted.

There was no more business requiring a vote of the Commission.

Administrative Reports.

Management Services, Mark Poppler.

Mark Poppler, Financial Officer, presented the administrative report for Management Services (MS). Mark reported that The Internal Revenue Service (IRS) recently announced its new mileage rate reimbursement for 2015. The rate goes up to 57.5 cents per mile, up from the current 56.0 cents. This occurred just in time for the huge drop in gasoline prices! The State of Idaho rates are set by the Board of Examiners, which has not adjusted the rate since July 1, 2012. The Idaho rate remains at 55.5 cents per mile. Mark also looked back at the rate for in-state meals reimbursement that is also set by the Board of Examiners. It remains at \$30 per day and was last adjusted in 2001.

Governor Otter will give his State of the State address to the Legislature next Monday. The budget detail for each agency will be released earlier that day and the information embargo will be lifted. Mark will organize a budget review meeting for later Monday afternoon at 3:00 p.m. to share the Tax Commission's budget in detail. The Tax Commission's budget presentation to JFAC (Joint Finance and Appropriations Committee) is scheduled for February 16, 2015.

Revenue Operations, Doreen Warren.

Doreen Warren, Revenue Operations (RO) Division Administrator, reported on RO's accomplishments in 2014. The accomplishments listed were: GenTax V9 implementation and staff training – an agency effort; implemented field office scanners – a few issues are getting resolved; RO processed 1.5 million returns, including 770,000 individual income tax returns of which 597,000 were electronic; paid 544,815 refunds in the amount of \$286,000,000 (within RO's standard objectives; deposited 808,000 checks totaling \$1.5 million timely; identified 1,100 fraud returns totaling \$1.4 million – every RO unit and multiple division effort; retired the Nez Perce and City of Ketchum tax systems.

Doreen noted that RO is ready for income tax processing season. So far, 41 software products have been approved for 12 vendors, and 29 software vendors are in test mode. RO is also waiting on replies from six vendors. RO is in a controlled launch this week to ensure business edits are working properly. Next week RO will participate in the IRS's controlled launch and will begin receiving electronically filed returns.

Doreen noted the status on the Taxpayer Access Point (TAP) system. Sandstorm third-party user testing evaluations for each rollout have had recent grades in the ninety percent range equal to

an “A.” IFTA renewals, Annual Withholding reconciliation and W-2 reporting, sales tax permit, cigarette and tobacco verification are in production to date. This Friday, where's my refund, GBA, TAC, sales tax, and E911 (3 months early!), will go into production. Coming soon will be IFTA returns in mid-January, letters, and in March pay agreements, and IFTA license application will be added.

Other RO statistics on IFTA renewals are: mailed 3,248 renewals, processed 2,294 renewals to date, 867 renewals received through the new TAP process. Doreen noted RO was processing renewals daily thanks to a team effort.

Commissioner Katsilometes briefly discussed the responsibility of the Tax Commission to administer the E911 and some local option taxes.

Steve Fiscus, Property Tax.

Steve Fiscus, Property Tax Division Administrator, noted a report on the 2014 general analysis for property tax for the state of Idaho over the past year. This includes residential, commercial and operating properties. Communications is submitting a press release with Alan Dornfest’s tax burden study. The study includes all tax types and compares Idaho to other states.

Steve noted that the Winter School begins next week.

Chairman Jackson appreciated the efforts made by Steve Fiscus, Alan Dornfest, and Deputy Attorney General George Brown to have the decision reversed in Twin Falls County litigation. A brief discussion followed and the Chairman commended the division for transparency and good tax policy.

There were no more administrative reports.

Reports on Rules Committees.

[Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules – Committee Chair, Cynthia Adrian.](#)

Cynthia Adrian, Income Tax, Administration & Enforcement, Kilowatt, and Mine License Rules Committee Chair, was absent and there was no rules committee report.

[Motor and Special Fuels Tax Rules – Committee Chair, Don Williams.](#)

Don Williams, the Motor and Special Fuels Tax Rules Committee Chair, was absent and there was no rules committee report.

[Sales & Use Tax Administrative Rules – Committee Chair, McLean Russell.](#)

McLean Russell, Sales & Use Tax Administrative Rules Committee Chair, was absent and there was no rules committee report.

[Property Tax Rules – Committee Chair, Alan Dornfest.](#)

Alan Dornfest, Property Tax Rules Committee Chair, was absent and there was no rules committee report.

The committees had nothing new to report, so there were no rules committee reports this month. Michael Chakarun, Tax Policy Manager, noted that the property tax rules committee would reconvene on January 27, 2015.

Other Business.

Bill von Tagen, Deputy Attorney General, presented This Day in History.

This Day in History, January 7:

- 1714 – Typewriter patented by Englishman Henry Mill (was built years later)
- 1789 – America's first presidential election is held. Voters cast ballots to choose state electors; only white men who owned property were allowed to vote. As expected, George Washington won the election and was sworn into office on April 30, 1789.)
- 1890 – W. B. Purvis patents fountain pen
- 1911 – First airplane bombing experiments with explosives, San Francisco
- 1914 – First steamboat passes through the Panamá Canal
- 1916 – German troops conquer Fort Vaux at Verdun
- 1953 – President Harry S. Truman, in his final State of the Union address before Congress, tells the world that that the United States has developed a hydrogen bomb.
- 1963 – First class postage rose from 4¢ to 5¢
- 1968 – First class postage rose from 5¢ to 6¢
- 1970 – Farmers sue Max Yasgur for \$35,000 in damages caused by "Woodstock"

#1 Song:

- 1968 – “Heard it on the Grapevine” sung by Marvin Gaye. The song was used in the popular California Raisins’ commercial in the 1980’s.

Birthdates:

- 1942 – Paul Revere was born in Boise, Idaho. Paul was the keyboardist in Paul Revere & Raiders – “Fallin in Love,” and “Good Thing.”

This Month in History, January:

- January 14 – 1942, President Franklin D. Roosevelt issues Presidential Proclamation No. 2537, requiring aliens from World War II-enemy countries--Italy, Germany and Japan--to register with the United States Department of Justice. Registered persons were then issued a Certificate of Identification for Aliens of Enemy Nationality. A follow-up to the Alien Registration Act of 1940, Proclamation No. 2537 facilitated the beginning of full-scale internment of Japanese Americans the following month.
- January 21 – 1977, President Jimmy Carter pardons all Vietnam War draft dodgers.
- January 28 – 1986, The space shuttle *Challenger* explodes just after liftoff killing the seven astronauts aboard. The *Challenger* was the second shuttle built by the National Aeronautics and Space Administration (NASA). It took its first flight into space on April 4, 1983, and made a total of nine voyages prior to January 1986. The tenth trip for *Challenger* included a teacher

from New Hampshire, Christa MacAuliffe, among the astronauts, as part of a new Teacher in Space project.

There was no other business.

Public Comments.

Benjamin Davenport, President of ATI, commented on the upcoming legislative session. Mr. Davenport noted there were education and transportation needs, and the adjourn date was set for March 27, 2015. Chairman Jackson referenced Idaho's tax structure, and Mr. Davenport noted there was a very stable tax system in Idaho. A brief discussion followed on sales tax, a supplemental for school districts, and the recommendation of a director for the Tax Commission. The Chairman thanked Mr. Davenport for his participation.

There were no more public comments.

Recess.

Chairman Jackson recessed the Public Session for five minutes to reconvene for the commissioners to meet with the Commission's legal counsel.

Reconvene Meeting.

Chairman Jackson reconvened the open meeting.

Executive Session.

Commissioner Katsilometes moved to go into the Executive Session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party, in addition to discuss matters which are exempt pursuant to Idaho Code § 67-2345(1)(b). Commissioner Roberts seconded. A roll call vote was given by Valerie Dilley, Executive Administrative Assistant. Commissioners Jackson, Katsilometes, and Roberts all voted in favor and the motion passed.

The Commission met in executive session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party, in addition to discuss matters which are exempt pursuant to Idaho Code § 67-2345(1)(b). No matters requiring a vote of the Commission resulted from the executive session.

Public Session.

Chairman Jackson declared the Executive Session ended and returned to the public session.

There being no further business, the meeting adjourned.

Valerie J. Dilley
Secretary

Richard W. Jackson
Chairman