

IDAHO STATE TAX COMMISSION
COMMISSIONERS' OPEN MEETING
MINUTES OF MEETING HELD JANUARY 9, 2013

In attendance: Commissioners David Langhorst, Tom Katsilometes, and Rich Jackson; Michael Chakarun, Valerie Dilley, Steve Fiscus, Roxanne Lopez, Robin O'Neill, Mark Poppler, Liz Rodosovich, Ted Spangler, Randy Tilley, Bill von Tagen, Mike Teller, Doreen Warren; George Brown, Chelsea Kidney, Carl Olsson, Erick Shaner, and Phil Skinner; Matt Aslett; Brian Nicholas, Steve Olsen.

Public Session.

Commissioner Tom Katsilometes convened the open meeting.

Presentation of Certificates of Service.

Roxanne Lopez, Human Resources Officer, acknowledged the employees that were receiving a Certificate of Service, and stated how much all of their work efforts were appreciated.

The recipients were: Matt Aslett, Senior IT System Security Analyst (Information Technology) who received a certificate of service for 5 years of service; and Debra Pederson, Account Collection Specialist in Central Collections (Audit & Collections), who was absent and will have her certificate for 5 years of service presented at a later date.

The Commissioners said how the recipients' years of service and efforts were commendable and appreciated. Chairman Langhorst reminded the recipients that the Tax Commission is the revenue engine for state services, and what they do keeps the schools open, supports law enforcement, public safety, and multiple public services.

Business Requiring Vote of the Commission.

Minutes: Open Meeting – December 12, 2012 & 2012 Annual Meeting – December 4, 2012.

Chairman Langhorst moved that the minutes of the open meeting held on December 12, 2012, and the minutes of the 2012 Annual Meeting held on December 4, 2012, be approved, and Commissioner Jackson seconded. There were no comments or amendments. All voted in the affirmative, and the minutes were approved.

Administrative Reports.

Audit & Collections, Randy Tilley.

Randy Tilley, Audit & Collections (A/C) Division Administrator, reported that the A/C recoveries through December 31, 2012, were \$86,736,051. December recoveries were down compared to last December but year-to-date recoveries are still \$12,896,826 above year-to-date recoveries for the same period last year. Also, as of December 31, 2012, A/C has completed 11,695 audits and examinations and closed 47,935 collection cases. For the same period last year, A/C completed 14,452 audit and examinations and closed 47,387 collection cases.

Randy responded to a question from Mark Poppler, Chief Financial Officer, that last year the information and reports sent to the Division of Financial Management (DFM) were forwarded by the Legislative Services Office (LSO) to the Joint Finance Appropriations Committee (JFAC).

Chairman Langhorst asked if the Compliance Initiative increased the attention given to goals and numbers. Randy noted that the attention seemed to have increased, but A/C has always tracked numbers since he has been the administrator. Mark added before the Compliance Initiative and the collections part of the reports, the prior emphasis was on GenTax. Commissioner Jackson noted that great people with a great tool are both needed to succeed.

Revenue Operations, Doreen Warren.

Doreen Warren, Revenue Operations Division Administrator, reported that Revenue Operations (RO) is moving into the tax season. The Imaging project is officially in production mode, although there were few physical checks that had to be deposited today.

The IRS will open the 2013 filing season and processing returns on January 31, instead of January 22. Doreen is working on a news release involving this delay and impact on the timeline.

Discussion followed on the news release that Doreen and the Public Information Office (PIO) was working on when the Tax Commission will begin processing returns this year and the need to reign in expectations.

Management Services, Mark Poppler.

Mark Poppler, Financial Officer, reported that the details of the Governor's Budget Recommendation for FY2014 were made public on Monday, January 7, 2013, and the agency received a favorable Governor's recommendation. The agency is very pleased that the recommendation which included many top concerns, primarily the GenTax Version 9 upgrade and some additional supplemental funding for the personnel dollar shortfall. The agency also received funding for the request for programming changes at the Controller's Office to allow intercepts of state vendor payments for tax liability offset purposes, and approval of spending authority in case we reach agreement with the City of Ketchum to collect, at their request, their local option sales tax. Mark added that there were a few disappointments, the recommendation did not include the money for the Property Tax Modernization project, nor a CEC raise for employees.

Accounting adds its thanks and appreciation to Revenue Operations and everyone else who has been so deeply involved in the new imaging replacement project. Part of that project involves the implementation of electronic check deposit rather than the old paper check deposits done for so many years. Although it's only been in practice a few days, so far all seems to be working very smoothly with the new deposit bank (Wells Fargo) in Boise, and with the cooperation and coordination with all the field offices. Once all the new processes are thoroughly tested and employees become familiar with the new routine, Management Services (MS) expects to save several hours a week that can be used elsewhere.

Discussion followed on how administering the local option tax could impact the agency.

Property Tax, Steve Fiscus.

Steve Fiscus, Property Tax Division Administrator, gave a brief update on a couple of county issues. Valley County advertised a budget of \$775,000 for Emergency Management Services (EMS). They levied unfortunately for \$275,000, so Property Tax (PT) is providing technical support for providing 24,000 parcels with supplemental tax bills due in June.

Boundary County properly applied an annexation for the city of Bonners Ferry, as well as the Geographic Information Systems (GIS) staff for 2013. Bonners Ferry levied taxes on these annexed properties. Some of the annexed property owners, however, were not as enthusiastic about the annexation. A district judge agreed with the appellants due to a technicality. The problem is the Judge declared the annexation invalid after taxes had been billed and many accounts paid. PT is working with the parties and a resolution has been reached. The taxpayers who have paid will be

refunded the portion of their taxes destined for the city, and the unpaid city portion of taxes will be canceled. The other unintended consequences; fire district, solid waste, etc. will be corrected for 2013. PT is providing technical assistance for the refunds and cancelations.

There were no more administrative reports.

Reports on Rules Committees.

There were no Rules Committees' reports, since the committee chairs were giving their presentations at the House Revenue and Taxation committee.

Other Business.

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

This Day in History, January 9:

- 1324 – Marco Polo died.
- 1493 – First reported sighting of manatees by Christopher Columbus
- 1793 – First balloon flight in the United States
- 1913 – Richard Nixon was born.
- 1936 – U.S. adopts semi-automatic rifles
- 1940 – Two off-course German officers with plans for the invasion made an emergency landing in Belgium.
- 1952 – Marines recall Ted Williams to active duty.
- 1956 – *Dear Abby* first appeared in the newspapers
- 1959 – Rawhide appears on network television with Rowdy Yates

#1 Songs

- 1945 – “Don’t Fence Me In” by Bing Crosby and the Andrew Sisters.
- 1962 – Chubby Checker’s the “Twist”
- 1972 – Don McClean – “American Pie”

Public Comments.

There were no more public comments.

Recess.

Commissioner Katsilometes recessed the Public Session for 10 minutes to reconvene for the commissioners to meet with the Commission’s legal counsel.

Reconvene Meeting.

Commissioner Katsilometes reconvened the open meeting.

Executive Session.

Chairman Langhorst moved to amend the agenda and move into the Executive Session. Commissioner Jackson seconded. Commissioners Langhorst, Katsilometes, and Jackson all voted in favor by roll call 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. No matters requiring a vote of the Commission resulted from the executive session.

Public Session.

Commissioner Katsilometes declared the Executive Session was ended and returned to the public session.

There being no further business, the meeting adjourned.

Valerie Dilley
Secretary

Tom Katsilometes
Chair