

IDAHO STATE TAX COMMISSION

COMMISSIONERS' OPEN MEETING MINUTES OF MEETING DECEMBER 16, 2016

In attendance: Commissioners Richard W. Jackson, Tom Katsilometes, and Elliot S. Werk; Debbie Coulson, Michael Chakarun, James Pendergrass, Chuck Pond, Glenda Smith, Doreen Warren, Mark Poppler, Steve Fiscus, Randy Tilley, John Bernasconi, Alan Dornfest, Phil Skinner, George Brown, Erick Shaner, David Young, Becky Ihli, and Kelly Martinez.

Guests: Kay Christensen, Luke Kilcup, and Miguel Legarreta

Public Session

Commissioner Elliot Werk convened the open meeting and welcomed all those in attendance.

Presentation of Certificates of Service

James Pendergrass, Performance Development Specialist, acknowledged the employees receiving a Certificate of Service. Mr. Pendergrass stated how much their combined total of 85 years of state service was appreciated. The Certificate of Service recipients in attendance were: Conception Roe, Technical Records Specialist 2 – 5 years; Mark Poppler, Financial Officer – 15 years; Rod Shown, Office Services Supervisor 2 – 15 years; and Rodney Brevig, Tax Administration Forester – 30 years, along with a thank you letter from the Governor.

The only Certificate of Service recipient not in attendance was Glenyce Hug, Human Resource Associate – 20 years. She will receive her certificate along with a thank you letter from the Governor at a later time.

The Commissioners expressed their congratulations to all the recipients and fellow employees who came out to support them, and how much they appreciate all their hard work.

Business Requiring Vote of the Commission

Minutes: Open Meeting – November 2, 2016

Commissioner Katsilometes moved that the minutes of the open meeting held on November 2, 2016, be approved. Commissioner Jackson seconded the motion. There were no comments or amendments. All voted in the affirmative and the minutes of the open meeting held on November 2, 2016 were approved.

Estimated Personal Income for Fiscal Year 2018

Commissioner Werk recommended the Estimated Personal Income for Fiscal Year 2018 for adoption by the Tax Commission. Idaho Code section 67-6801, enacted by the 1980 Legislature, designated the State Tax Commission as an Economic Estimates Commission (EEC). As such, the State Tax Commission is responsible for determining and publishing, prior to January 1 of each year, the estimated Idaho Personal Income for the following Fiscal Year.

The Economic Estimates Commission met on December 9, 2016, and consulted with Derek Santos, Division of Financial Management; Dr. Donald Holley, Boise State University; and Dr. Scott Benson, Idaho State University. Based on discussions with these individuals, coupled with a review of the data presented at the meeting, Commissioner Jackson moved that the Commission adopt \$70,459,113,00 as the dollar amount of Estimated Idaho Personal Income for Fiscal Year 2018. The motion was seconded by Commissioner Katsilometes. All voted in the affirmative and \$70,459,113,000 was adopted as the Estimated Idaho Personal Income for Fiscal Year 2018.

Commissioner Werk thanked everyone that was involved in submitting data to the Commission. The estimates this year were very close and it was very interesting. The interesting thing about this number is it becomes the basis for the maximum allowed revenue projection for the State of Idaho. Commissioner Jackson said we did reach out to several industries and different parties, so we really had a pretty good mix.

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

Administrative Reports

Audit Division, Randy Tilley

Randy Tilley reported that the Audit Division has completed its second taxpayer customer service survey for completed audits. The survey covered the period July 1, 2016 through September 30, 2016. Mr. Tilley said they sent out 700 surveys and had 106 returned for a 15.14% return rate. The survey was comprised of various statements to which the taxpayer or their representative could answer *Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree, or Not Applicable*. Strongly Agree and Agree responses were totaled to determine whether division staff was providing appropriate customer service. The results showed that 97.14% of respondents felt that auditors were courteous and 97.96% reported auditors were informative. Respondents also indicated that staff responded promptly to telephone calls (95.74%), written requests (95.08%) and emails (95.38%). The survey showed that 91.67% of respondents reported that auditors clearly explained procedures, 93.62% responded that our reports were complete, 89.01% reported that the reports were easy to understand, and 85.56% reported that they have a better understanding of Idaho tax laws after the completion of the examination than before. Finally, 91.01% reported that they did receive information about their rights as a taxpayer. The survey results were comparable to the 2015 survey.

Commissioner Werk asked how we had 91% of taxpayers respond that they received their taxpayer rights, it was his understanding we give the taxpayer rights information to everyone. Mr. Tilley said none of the taxpayers reported that they *didn't receive* their taxpayer rights, however eight of them reported *neutral*, so they did not agree or disagree with the statement. It is one of our requirements of our staff to provide taxpayer rights to every person we communicate with. It was noted that these were paper surveys that required return mailing. Mr. Tilley said they are looking at developing a survey that can be sent out to taxpayers electronically to hopefully increase the number of responses.

There were no further questions.

Management Services, Mark Poppler

Mark Poppler reported that the RFP for solutions for our relocation overseen by the Division of Purchasing closed last night at midnight, and we do not anticipate any updates on that other than how many were submitted. Linda Miller will review them and we should have more information within a week or two.

In relation to switchover in collection agreement processes, Mr. Poppler said in the old system (40 PA process) they handle the files that come from collection, which are the agreements collection sets up with taxpayers to make automatic payments. The old process took a lot of work,

and as part of the Gentax conversion to version 9 and the work that was done in TAP, those payments are now set up automatically through TAP. The final manual file out of the old system was processed yesterday.

There were no further questions.

Revenue Operations, John Bernasconi

John Bernasconi had no report at this time.

There were no further questions.

Tax Division Administrator, County Support, Steve Fiscus

Steve Fiscus had no report at this time.

There were no questions.

Collection, Debbie Coulson

Debbie Coulson had no report at this time.

There were no questions.

Public Information Director, Taxpayer Resources, Doreen Warren

Doreen Warren had no report at this time.

There were no questions.

Tax Appeals Manager, Mike Chakarun

Mike Chakarun had no report at this time.

There were no questions.

There were no more administrative reports.

Property Tax Rules – Committee Chair, Alan Dornfest

Alan Dornfest reported that the initial meeting of the year was held on November 15. There were several items and some that are considered every year like the incorporation by reference rule, which we have to update references; others are more in the realm of long-term projects. They have submitted several different potential rules for approval by DFM, and they received approval to work on all of the rules submitted. The Governor's Office wants to see a draft of the homeowner exemption rule before it is published, but we literally have no draft of any rule in that area because we are dealing with some difficult issues related to partial ownership and some other issues that are related to how much homeowner exemption can be granted on one property. Mr. Dornfest said those issues will obviously be shared with the Governor's Office before publication, and that is assuming we can even reach consensus, which he is somewhat skeptical of just because it is a complex problem and they have to learn what the current practices are. Another issue before the rules committee is the verification of abstracts, which are the summaries of values provided by the counties to the Tax Commission. It turns out that some of the county officials who are required to do so don't like signing the abstracts and so they are working on that issue. They found a date discrepancy in the water and air pollution control equipment exemption; it is a discrepancy between the date found in the rule and the date found in the statute on general filing requirements. They are also dealing with an issue of refinancing and whether it constitutes a new bond or not which is important in respect to urban renewal and tax laws. Finally, they have been asked by the Governor's Office about the rule they developed with Mr. Poppler on sales tax distribution, to consider doing that as a negotiated rule. They had not originally intended to do that, they have a temporary rule in place right now, but they will flip that over into the negotiated rule-making category. Commissioner Katsilometes asked for more information regarding county officials not wanting to sign abstracts. Mr. Dornfest said the values come from the Assessor's Office that

develops the values and assigns categories. That information then goes to the taxpayers who sometimes appeal their value and that goes to County Board of Equalization. Once Board of Equalization is finished, they may have changes in all of that, and the Assessor puts those changes in place and then the information is transmitted to the County Clerk. The Clerk is then the one who is required to do the abstract and feels like it is not their information in the first place and can be reluctant to sign the abstract because they feel like they do not have control of the whole process or know if the information is correct. Ultimately, they really have no choice because we have to have the values to set the tax levies and someone has to provide that to the Tax Commission. Mr. Dornfest said they are working on it to see if there is a way to incorporate some language to enable the County Clerks to feel better without creating a situation where we simply don't know if we have correct values or not. Mr. Dornfest said the law says the Clerk has to *verify*, so there is some dispute about that. Mr. Fiscus said when the Clerk signs it they are attesting and verifying that it is the correct and true value, and that is the problem because if we find errors after we receive the abstract, the Clerks don't want it coming back on them.

There were no more questions.

There were no more rules committee reports.

Other Business

There were no items of other business.

Public Comments

Commissioner Werk asked if the guests in attendance had any comments.

There were no other public comments.

Executive Session

Commissioner Katsilometes moved to go into Executive Session with its legal counsel pursuant to Idaho Code § 74-206(1)(f) to discuss the current status of litigation to which the Commission is a party. Commissioner Jackson seconded the motion. A roll call vote was taken by Kelly Martinez, Administrative Assistant and Commissioners Katsilometes, Jackson, and Werk all voted in favor and the motion passed.

The Commission met in Executive Session with its legal counsel pursuant to Idaho Code § 74-206(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 Werk declared the Executive Session ended and returned to the public session. There being no further business, Commissioner Jackson moved to adjourn the meeting, and Commissioner Katsilometes seconded the motion. All voted in the affirmative and the meeting was adjourned.

Kelly Martinez

Elliot S. Werk