

**IDAHO STATE TAX COMMISSION**  
**COMMISSIONERS' OPEN MEETING**  
**MINUTES OF MEETING JANUARY 26, 2021**

This meeting was open to the public; however, in compliance with the Governor's Stay Healthy Order, no more than 10 people were admitted into the room. Everyone was encouraged to attend by telephone, and presenters to join on Microsoft Teams.

In attendance: Chairman Jeff McCray and Commissioner Moyle, John Bernasconi, Phil Skinner, Jerott Rudd, Rick Mascall and Rod Brevig were present in the room.

Commissioners Tom Katsilometes, Elliot Werk, George Brown, Debbie Coulson, Jeff Middleton, Kara Lansberry, Kim Wind, Mark Warbis, Nick Landry, Rhamona Grabenstein, Mike Chakarun, Kolby Reddish, Nate Nielson, Amber Kauffman, Elisa Magnuson, Becky Ihli, Erick Shaner joined via Microsoft Teams; joined via Microsoft Teams.

Tracy Cook and Melinda Sam, Revenue Operations joined via teleconference.

**Public Session**

Chairman McCray called the meeting to order and welcomed all those in attendance.

**Recognition of Certificates of Service**

Chairman McCray acknowledged the employees receiving Certificates of Service: Maurine Gregory, Financial Technician, Audit/Fuels Tax & Registration, 5 years; Ashley Bielat, Tax Compliance Officer 1, Collection/Boise Field Office, 5 years; John Murphy, Software Engineer 1, Administration/Information Technology, 5 years; Diana Divorce, Tax Collection Specialist - Call Center, Collection/Central Collection Bureau, 10 years; Nelda Klimes, Tax Compliance Officer 2, Collection/Twin Falls Field Office, 10 years; Scot Slaughter, Tax Auditor 3, Audit/Income Tax Audit, 10 years; Tracy Cook, Technical Records Specialist 2, Revenue Operations/Taxpayer Accounting, 10 years; Lola Lynch, Technical Records Specialist 2, Audit/Sales Tax Audit, 10 years; Marcia Mangum, Tax Compliance Technician, Collection/Idaho Falls Field Office, 10 years; Codi Dimick, Tax Compliance Officer 2, Collection/Boise Field Office, 15 years; Denise Hernandez, Technical Records Specialist 1, Revenue Operations/Taxpayer Accounting, 15 years; Melinda Sam, Technical Records Specialist 2, Revenue Operations/Central Processing, 15 years; Matt Virgil, Tax Property Appraiser Section Manager, Property Tax/Idaho Falls Field Office, 15 years; Bille Pierson, Tax Auditor 3, Audit/Twin Falls Field Office, 20 years; Don Williams, Tax Specialist, Taxpayer Resources Unit/Tax Research, 25 years.

This is a combined total of 180 years of service. The Commission appreciates all these employees and congratulates them on their years of service. Chairman McCray said he looks forward to the day when we can again be gathered together and have a proper celebration of our employees.

**Business requiring a vote of the Commission**

Minutes: Open Business Meeting – November 4, 2020

Commissioner Moyle moved to accept the minutes of the Business Meeting held on November 4, 2020. Commissioner Katsilometes seconded the motion. There was no discussion; all commissioners voted aye and the minutes of the Business Meeting held November 4, 2020 were approved.

Minutes: Economic Estimates Commission Meetings – December 1 and December 8, 2020

Commissioner Moyle moved to accept the minutes of the Economic Estimates Commission Meetings held on December 1 and December 8, 2020. Commissioner Werk seconded the motion. There was no discussion; all commissioners voted aye and the minutes of the Economic Estimates Commission Meetings held December 1 and December 8, 2020 were approved.

### 2021 Forest Land Values

Mr. Rod Brevig, Forest Tax Administrator for the Idaho State Tax Commission noted this meeting is for the establishment of the 2021 Forest Land Values. Mr. Brevig has included an overview of the history of forest land values over time. He explained the zones and the calculation method used to obtain the values presented today. He reviewed the history from 1999 to present.

Mr. Brevig provided information for the good, medium, and poor categories for each of the forest zones and explained the calculation method and reviewed the 5-year rolling average for stumpage values for each of the forest value zones. These are the numbers that go into the calculation, by species. This is the first full year the indexing has been used.

The values are being set today for the March 1, 2021 statutory deadline. Commissioner Moyle asked about the statutory requirement for the due date of March 1 and whether that is the appraisal date or if it is the same as the appraisal date for other properties due on January 1. She asked if we would get pushback. Mr. Brevig said no; forest land rules are different than other properties.

Chairman McCray asked what "CFTM" is. Mr. Brevig said CFTM is the Committee on Forest Taxation Methodologies and is comprised of four members of [forest] industry, one non-industrial private forestland (small) owner representative, and five elected officials that include three assessors and two county commissioners. Commissioner Katsilometes is the chairman of that committee. Mr. Brevig explained that the CFTM was created as an intermediary between lobbyists and the legislature. The legislature intended that interested parties come to an agreement outside the legislature and then bring that resolution to the legislature

Commissioner Katsilometes motioned to accept the 2021 Forest Land Values. Commissioner Werk seconded the motion. Commissioner Moyle commented that everyone has made this sound simple, but there is a great deal of work involved. The CFTM had a very long, hard road to get where we are today, and she appreciates it. Mr. Brevig thanked Commissioner Moyle. Commissioner Katsilometes acknowledged Commissioner Moyle's comment saying the CFTM meetings were contentious at times.

Chairman McCray restated the motion made by Commissioner Katsilometes to accept the 2021 Forest Land Values, as presented; it was seconded by Commissioner Werk. All commissioners voted in the affirmative and the 2021 Forest Land Values were accepted.

### **Administrative Reports**

#### John Bernasconi, Chief Operating Officer

Mr. Bernasconi noted that unlike previous business meetings, Division Administrators have submitted their reports to the Commissioners prior to the meeting. He commended everyone on the work they do.

Mr. Bernasconi reported that the management team is working closely with the Division of Financial Management (DFM) and the Division of Human Resources (DHR) on compensation plans. This includes both the distribution of the potential change in employee compensation (CEC), should the legislature choose to allocate it, and how to manage salary savings and budgeted dollars up to this point. Both DFM and DHR have advocated for and helped guide the team, who greatly appreciates those efforts. Commissioner Moyle commented that the CEC committee approved the Governor's recommendation for the CEC. Mr. Bernasconi thanked Commissioner Moyle for the update.

Mr. Bernasconi said the Idaho Department of Administration has asked the Tax Commission to pilot a program to eliminate leased/owned fleet vehicles and to rent "as needed," in accordance with recommendations of Lieutenant Governor Janice McGeachin's Regional Government Efficiency Working Group. The agency has already returned six leased vehicles. Mr. Nick Landry can provide the savings amounts. Due to travel restrictions caused by the pandemic, there have been no rentals; however, there will be procedures in place to ensure everyone will be able to rent a vehicle when needed.

Finally, Mr. Bernasconi reported that, in part due to discussions with Commissioner Moyle, a Fiscal Note/Bill Analysis Team has been established to better identify fiscal and workload impacts of proposed legislation. This committee will have year-round availability to review questions and to ensure everyone is understands the fiscal impact of bills and to provide prompt, clear, complete answers to questions. Right now, there are nine members. There is a subcommittee of four that will conduct an initial review before the full committee is consulted for follow-up and expanded analysis.

Commissioner Werk commented that he appreciates the job Mr. Bernasconi is doing. Mr. Bernasconi thanked Commissioner Werk.

Mike Chakarun, Appeals Manager

Mr. Chakarun reported that in the spring of 2020, the Tax Commission revamped the appeals process to have the Commissioners sit as an appellate body to decide protested tax cases. Generally, there is one meeting per month; however, the option to hold more is available as circumstances warrant. To date, there have been eight appeals resolution meetings this fiscal year deciding 124 dockets. The next appeals resolution meeting is scheduled for January 27, 2021.

As of December 31, 2020, there were 340 cases in inventory with an average age of 243 days; 84% of those cases are less than one year old and 98.5% are less than two years old. Of the 340 open cases, 79 decisions have been issued. Those cases will not close until the 91-day statutory waiting period has expired. Within that 91 days, the petitioner may file an appeal with the Board of Tax Appeals or district court. The average age of those cases is 283 days. The remaining 261 active cases have an average age of 231 days. Compared to the beginning of the fiscal year, the active case count is down by 26 cases, but the average age has increased by 54 days.

This fiscal year, 264 cases were closed with an average age of 254 days; 98.5% of these cases were closed within 2 years or less of the transfer to appeals.

Commissioner Werk commented that it seems there is a never-ending cascade of cases; he wanted to note that and how much he appreciates the Appeals Specialists. Mr. Chakarun thanked Commissioner Werk and noted that as long as Audit and Revenue Operations continue to do their jobs, the Appeals staff will always be in business.

Debbie Coulson, Collection Division Administrator

Ms. Coulson reported her staff remain extremely busy with a much larger-than-average number of collection cases this year. Collection staff have continued to work with taxpayers who have been affected by the pandemic by delaying the collection process up to six months (into November) as well as making a temporary change in the length of the “no lien” payment plans, increasing the length from six months to 12 months for the 2019 tax year. Her team will continue to monitor those into the coming year for the 2020 tax year to see what they can do to help and assist the taxpayers.

The Collection Division has also been focusing on improving efficiencies by identifying best practices as well as continuing to automate the remaining processes when possible.

There are currently 48,274 collection cases. They have had as many as 78,000. The number of unassigned cases (those not yet being processed) is 27,808. Recoveries to date is a little over \$89 million, compared to \$77 million last year at this time. The collection cases created so far this year is 78,860, compared to 51,055 at this time last year. That is a significant increase. The number of collection cases closed so far this year is 67,520, compared to 61,867 last year. Ms. Coulson noted they will not likely meet her goal of being able to close one more case than is opened. It will be tough because there are currently 20 vacancies in Collection; 15 are currently in some stage of recruitment. They are filling vacancies as quickly as possible.

Commissioner Werk asked how staff are holding up with so many vacancies: their workload is higher and there are multiple vacancies. Ms. Coulson said they are honestly doing well. Morale is good. It is taking an extra effort and they have changed some processes. She hopes to fill at least some of the openings to help ease the workload. Many of the vacancies are because of retirements and staff are doing the best they can. She thanked Commissioner Werk for asking. Commissioner Werk followed up on Ms. Coulson’s statement regarding continuing to automate remaining processes and asked if she could elaborate on the current processes being evaluated. Ms. Coulson responded that GenTax v12 has improved some things already. They are currently working on automating letters. Her staff spend a great deal of time sending certified letters. It is a manual process: putting a sticker on the envelope and stuffing then sealing the envelopes. There are usually between 40,000 – 50,000 letters per year. Ms. Coulson and her team are attempting to find a postage machine that will put the information on the envelope and then the Department of Administration could stuff them. Also, liens are renewed manually. The system already allows automatic activation and release, so it’s relatively easy to automate the renewals.

Chairman McCray asked if Ms. Coulson has any idea how many have applied for the Collection Division vacancies. Ms. Coulson deferred to Ms. Rhamona Grabenstein, Human Resource Officer, for actual numbers, but she hopes to have the positions filled quickly. She has conducted interviews for one position already and knows there are 18 applicants for the other 14 positions.

George Brown, Property Tax Division Administrator

Mr. Brown reported that the COVID issues of the last year have been extreme for Property Tax because of the reduced contact with the counties. It has been extremely busy.

Mr. Brown highlighted that Mr. Alan Dornfest, Property Tax Policy Chief and his team have completed the annual report of value and property tax changes which is available on the Tax Commission website. It shows a 5.1% overall decrease in property taxes this year– the largest since 2006, primarily due to the Governor’s Public Safety Grant Initiative (GPSGI) grants and fulfillment of some West Ada School District bonds. The state is experiencing the highest ever proportion of taxes paid by the owner-occupied residential sector. That is primarily due to a 13% statewide average value increase in owner-occupied residential property.

This year, there were approximately 27,000 approved property tax reduction (Circuit Breaker) applications, which is only about 200 more than last year. There were two new laws created for the year; one last year and one this year. One is for certain veterans with 100% disability who can apply to receive an extra property tax reduction. There were 2,300 applicants for that program, up from 1,100 last year. Applications will likely continue to increase as word spreads. For various reasons, only about half the people that are authorized to receive this benefit apply. The other new law expands the property tax reduction program to cover occupancy tax. There are about 90 applications for that this year, up from about 60 applications in 2019. This is the second year of the program.

A major administrative issue with which they have been dealing is in the Technical Support Bureau, which provides the appraisal and billing software programming for counties. They have been overwhelmed for the past few years. There are three or four different county systems. Several counties have not yet asked to be converted to the new web-based system: UAD Web. The Technical Support Bureau Chief, Janet James, has re-organized the bureau to create two supervisory positions. They are hiring for three positions: one was converted from an IT Manager II to a Database Analyst, and two new Software Engineer 1 positions. When these positions are filled, they will increase their ability to accomplish the conversions as the counties need more and more help over the coming years.

The geographic information system (GIS) team (four people) has also had an incredibly busy year, primarily because they conduct a great deal of training that has been moved from live to mostly online. They have also recorded over 268 annexations for 2021. When they record annexations, Property Tax must process the map (enter it into the GIS system) to understand where that district is; some of the descriptions and maps are very detailed. Additionally, there were 11 new urban renewal areas created, and three dissolutions of urban renewal areas. Mr. Brown also noted there are 25 county web maps with over 300,000 web hits. The GIS team helped create those for the counties and put them online.

The Education Program has been hit severely by COVID. There were 11 regional courses between July and December with over 200 students in those courses, which is about four times as many students registered for twice as many courses as in a typical regional period. The increase was because counties don’t travel as frequently and there are certain courses that must be provided because county appraisers must be certified through the Tax Commission. By contrast, the Winter School that was offered January 11 - 15, had 72 registrations, including three, week-long, in-person International Association of Assessing Officers (IAAO) courses taught by expert instructors from North Carolina, Kansas, and Idaho. Education advertised 21 in-person and online/virtual courses in the winter school brochure, but there were only enough registrants to hold seven courses. That is about 28% of a typical winter school week. There was a bigger drop for the Winter School than there was for the Summer School. Most counties chose not to attend and did not request alternative online/virtual courses. Education will continue to offer remote courses for the counties.

The training for county commissioners, presented by Mr. Brown and Matt Virgil (who just received his 15-year certificate of service) is traditionally offered in three or four different locations every two years. The training is designed to teach new commissioners how to conduct County Boards of Equalization. Recently, there has been significant turnover in county offices, including both elected officials and

permanent staff. Mr. Brown and Mr. Virgil will conduct nine trainings this year. Going forward, they will conduct training every year and will expand the classes to include basic appraisals and a practical exercise where Commissioners will hear a mock case.

Commissioner Katsilometes asked about continuing to offer online courses, post-COVID and whether we will have a cost savings by not having teachers from around the country come to Boise for the Summer and Winter Schools. Mr. Brown said he envisions a much more robust online training regimen. Some courses, the week-long courses, must be in person. Those that can be done online are already offered online. He believes we will see the savings in the follow-on classes locally. They will have the ability to keep the class sizes small and more interactive and focused. This is particularly true with GIS training where students are on their computers anyway for the training. They have received very positive reviews with that online training. He doesn't think it will eliminate Summer and Winter live schools, but it will save the counties money.

Commissioner Katsilometes asked about UAD Web and whether the counties are happier with it than they were with the programs they had. Mr. Brown responded that there are 4 counties converted and one partially converted. They have received good feedback from those counties. Bannock County, a large county, was an emergency conversion. The system was designed by one of their own IT people who retired. The system crashed, so it had to be completely replaced. Cassia County loves it. There have been interesting translations between the local system and UAD Web in Nez Perce County but overall, we have had very positive feedback about our programmers and analysts. The program itself is really an enhancement of what they were using. The program interface for the user isn't very different than what they have used.

Commissioner Katsilometes thanked Mr. Brown and offered that, because of his background, he is willing to assist with the county commissioner training; he may be able to offer some insight for the new commissioners. Mr. Brown thanked Commissioner Katsilometes.

#### Rick Mascall, Revenue Operations Administrator

Chairman McCray welcomed Mr. Mascall to his first business meeting. Mr. Mascall said he has been in this position for about two weeks and is learning as quickly as he can.

Mr. Mascall reported that the Internal Revenue Service (IRS) announced they will start their modernized e-file system on February 12, 2021. That is later than usual; it normally follows the three-day holiday in January. That causes an e-file queue for Idaho which is a challenge because there will be less time to process more returns. Revenue Operations has the systems ready for the 2020 filing season. They conducted a controlled launch last week; there was nothing unexpected and they will process paper returns as they can for both business income tax and individual income tax.

Mr. Mascall estimates needing an additional 59 seasonal staff members for this tax season. They already have 35 returning seasonal workers that have committed to work through this season and he is in the process of securing commitments from an additional 24 new hires. They've hired 13, leaving 11 more to hire in a relatively short time.

Chairman McCray asked how soon everyone needs to be hired. Mr. Mascall said by March 8, if possible. Chairman McCray asked if there is a contingency if we cannot fill those positions. Mr. Mascall said he would reallocate resources to accommodate, where needed. It will have consequences, but he will compensate. He hopes it won't be an issue.

Chairman McCray asked, referring to the report Mr. Mascall submitted prior to this meeting, what "closed" means as it relates to withholding permit registrations and sales permit registrations. Mr. Mascall said it means the taxpayer is ceasing that permit and they will no longer file a return. Mr. Bernasconi added that the reason for cancellation doesn't mean the business closed; it could mean they opened the permit in error. It doesn't necessarily mean the business failed. He knows of many examples where a permit was filed, but the entity never hired anyone. Commissioner Moyle added that sometimes a business files for a sales permit and then realizes it isn't necessary. Chairman McCray asked, then, what is the value of the metric? Mr. Bernasconi responded that the value of the metric is whether we are opening at a rate consistent with growth. There is an opportunity to educate people, so they don't open an account they don't need.

Kim Wind, Audit Division Administrator

Ms. Wind referenced the report she submitted in preparation of this meeting offering that “SQR” is a GenTax-issued tracking system. Right now, there are 83 open SQRs, which is higher than normal. Of those, 42 are the automated letters and were opened so progress can be tracked. The letters are in development and she would like to thank Mark Warbis and his team in Taxpayer Resources who have reviewed the 42 letters so the SQRs could be opened. Audit is now getting the letters loaded into GenTax. This has been a very big goal for the Audit Division, and they are on track.

Currently, Income Tax Audit is working on tax year 2017 and testing tax year 2018. The Tax Discovery Bureau non-filer unit is currently working on the 2015 tax year, to give everyone an idea of how far back Audit works.

The IRS conducted an audit and noted some deficiencies. They have begun moving information from an Access database into GenTax for stronger data security. That project is on track. She is hopeful that doing this will make Audit more efficient and there will be no future IRS findings.

The Examination Operational Automation Database (EOAD) is a federal system that tracks results as part of IRS audit activities. The Audit Division receives these results for single year non-filers and those will be coming in the first week of February. Now that the GenTax v12 upgrade is completed hopefully this process can be more automated and much more efficient.

The 2020 Tax Drive that ended 12/31/2020 for the 2019 tax year returns showed a substantial increase in fraud. Approximately \$51 million in fraudulent refunds were stopped; one return was \$49 million. There were 385 fraudulent returns, of which 282 were from a 1099-R (retirement income) scheme specifically targeting those 65 and older with no filing requirement. This was nationwide, not just Idaho and many states were hit hard.

Additionally, the Audit Division’s trained criminal unit identified a Health and Welfare Fraud and False Return case. It was originally filed in Boundary County then conflicted to Bonner County, where our False Return charges were dismissed by the court on motion of the prosecuting attorney. There was also an inflated withholding case in Nez Perce County that was dismissed. There are pending cases in Ada, Twin Falls, and Canyon counties. Ms. Wind congratulated the Fraud and Criminal teams who are doing a great job. Commissioner Werk complimented staff for doing such a good job. Ms. Wind thanked him and said Audit wants to continue to be fair and consistent.

There were 1,155 (of 6,592 returns) prior year offsets reversed in the current year as of 12/31/2020. Offsets occur when a request for information is not responded to in the year it was sent but is then responded to in a subsequent year.

The statistics for calendar year ending 2019 show 19,548 closed audits compared to 17,769 closed audits during calendar year 2020. It isn’t just about the number of cases closed, though. The recoveries in 2019 were approximately \$48 million, but it went up in 2020, even though the case count went down: they recovered \$60.7 million. Six of those audits completed in 2020 recovered \$6 million each for the taxpayers of the state.

Audit has lost some staff to a sister agency and others to different positions. Training auditors takes a considerable amount of time, so Audit tries to conduct training with larger groups. Currently, Ms. Wind is recruiting for seven Tax Auditor 1 positions, one Tax Auditor 4, and one Business Analyst to help with the GenTax group for audit.

Commissioner Werk noted that because Chairman McCray is new to the Tax Commission, it might be helpful for him to get a perspective of the fraud issue. During his first year at the Tax Commission, there were 1,300 fraudulent returns and last year there were 25 or 30. Part of the reason for that is states began sharing information and made the environment very difficult for fraudsters. Ms. Wind and her staff do a very good job. Ms. Wind said states do share information and when something appears, states alert each other. It has been very helpful to discover the schemes and what to watch for and to shift as needed throughout the season. Staff are very good at what they’re doing and have been able to confirm a fraud, instead of just reversing it. Commissioner Werk said he is glad someone stopped the \$49 million return.

Mark Warbis, Public Information Director

Mr. Warbis said Mr. Bernasconi noted the formation of the Fiscal Note Review Committee; Mr. Warbis' team has pushed for that for a while as a platform to be used for sharing information. Mr. Bernasconi, Tom Shaner, and Justine Weaver are doing a great job on that.

The Taxpayer Resource Unit (TRU) recently posted a "Where's My Refund" video on the Tax Commission website. The brief video was produced and narrated by TRU's Celeste Schmidt and provides a graphic, user-friendly explanation of our tax return processing timelines to help taxpayers better understand when they can expect their money. Within the next day, another TRU video will be posted about "What Slows Down My Refund" to help people avoid some pitfalls that can slow down the refund process. In addition to being posted on the website, those videos will also be available on the social media channels.

The Tax Commission's Annual Report for 2020 has been published on the agency website and delivered digitally to the Governor's Office and all members of the Idaho Legislature. There will only be a limited number of paper copies printed; we need fewer every year. All Tax Commission forms for tax year 2020 are posted on our website.

Tax Research Manager Tom Shaner and Tax Research Specialist Cynthia Adrian are spending much of each day monitoring the Legislature's germane tax committees and watching the progress of Tax Commission legislation and other bills as they're introduced. Mr. Shaner and Ms. Adrian, as well as Ms. Kathlynn Ireland, Mr. George Brown, and Mr. Alan Dornfest, of Property Tax, all stay very busy answering questions from legislators and coordinating our responses with the Governor's office and the Division of Financial Management.

As the migration of the Tax Commission website from its current Cold Fusion environment to the state agency standard called WordPress moves forward, TRU now is working to bring aboard a website administrator to take over the day-to-day running of the website once the migration is complete. That individual will also fill additional creative and technical duties in support of our communications, education, outreach, and customer service efforts. That individual should be on board within the next two weeks.

The Taxpayer Services (TPS) center is working with Purchasing to obtain and install a secure outdoor drop box and a take-a-number system for customers in the lobby. That should be completed before the rush of this tax season happens; the lobby has already seen increased traffic, and more are expected within the next few months. These improvements are in response to taxpayer concerns about coming into the building, whether because of pandemic safety protocols or other reasons. We want to make it as convenient and safe as possible.

Interest in TRU's taxpayer education classes is booming. There have been three webinars so far this month. With the help of Ms. Schmidt, Trainer Hillary Landrum and Income Tax Specialist Tami Ryals conducted an online class on Tax and Business Basics 101 for the Self-Employed that attracted 25 participants. There were 22 students for the webinar on Tax and Business Basics 101 for Small Business, and 28 for a class on Tips for Filing Your 2020 Income Tax Return. More classes are being developed, along with efforts to transfer more of that curriculum to short videos on our website. Our trainer and the team in support of Ms. Landrum have been doing a great job coming up with more topics for videos but also in finetuning the process in these webinar classes. We have not been doing any classes in person, but this team has become more proficient and continues to improve online classes.

Chairman McCray asked that Mr. Warbis extend the Commission's thanks for the taxpayer education videos. He really appreciates those videos and is excited to hear about people interested in our education classes. That is great customer service and aligns directly with our values. Mr. Warbis said for each of those classes, as many as 60 have signed up to attend. They feel very good about 20 showing up for them.

Nick Landry, Financial Executive Officer

Mr. Landry said that, as Mr. Bernasconi mentioned earlier, there is about \$21,000 savings in giving up the Chrysler vehicle lease. We still have the GMC lease that is about \$27,000 per year.

December tax receipts are very strong; compared to last December, we are 12% higher. This is primarily due to income and sales tax with increases year over year of 13% and 8% respectively. Fiscal year to date, through December, the General Fund has accrued \$300 million more than it did last December. This is partly due to the delay in last year's filing deadline allowing some of that into this fiscal year.

The agency budget, through January 25, has 44.96% of its FY21 budget remaining (47.32% remaining for personnel budget, 39.02% for operating costs, and 43.23% for capital expenditures). Those numbers do not reflect any of the Rebound dollars; which were kept separate. They continue working to close out the checks for the last few recipients that received return to work bonuses but have not yet cashed the checks. Justine Weaver's team has done an amazing job.

There have been delays on projects because everything was focused on the GenTax v12 upgrade for so long. Now that it is deployed, some of the initial support that was provided after it went live is being shifted to how we will manage projects. A prioritization committee has been formed and will meet later this week to discuss how to move forward. Last week, they began developing a project list. They will prioritize those items to start work. FAST has a project management methodology and some tools are available in GenTax that will help with communication and checking the projects. He feels optimistic that these tools will help to manage and communicate and to stay on time and on task.

LUMA is about to move into the second round of system integration testing. The new Tax Insider and TAX HR Central pages will be rolled out on February 1<sup>st</sup>. ITS will continue to provide support on building the new work-group pages. Targeted completion is early May. The website is coming together, as well. They anticipate another 8 – 10 weeks for completion. There are several hundred web pages to review before it can be released to the public.

#### Rhamona Grabenstein, Human Resource Officer

Ms. Grabenstein reported human resources has been very busy with recruitment; there are 45 vacant positions but 36 are in some stage of recruitment. Some administrators have reevaluated their needs and positions which has created opportunities in those divisions for employees to promote. To date, 72 vacant positions have been filled since the beginning of this fiscal year; 41 of those positions were filled by existing Tax Commission employees. It is a wonderful opportunity to provide growth and promotions to existing staff. The fiscal year-to-date turnover is 7.4% in the Tax Commission. Statewide, it is 9.6%. She has also filled the open Human Resource position and Maggie Martinez will start on February 1.

At the last business meeting, Ms. Grabenstein discussed the employee engagement survey that was scheduled to be launched; it was launched, and we've received the results. In 2019, 25% of Tax Commission employees were in an engaged status, according to the survey results. In 2020, that increased to 31% engaged. That is an amazing increase, especially considering the year we've had with the pandemic and so many moving parts. She has worked with Gallup to arrange training for the managers and supervisors on how to use Gallup's online tools to better understand their unit's engagement.

Since the last business meeting she and Commissioner Werk filmed a video for the Western States Association of Tax Administrators (WSATA) on employee engagement. It seemed to be well received and some leaders shared with her that they have since shared it with their employees to help them understand why we are focused on engagement instead of just satisfaction and how those two things differ. She thanked Commissioner Werk for including her in that process.

Ms. Grabenstein said it is important to her to keep the HR team updated on employment law knowledge and how to best serve the employees of the Tax Commission. In November she coordinated an in-service training and invited the Idaho State Insurance Fund and the Office of Group Insurance to talk about worker's compensation to ensure Tax HR is providing the best care and support to employees who are injured on the job. She would love to have these ½-day trainings once per quarter and invite PERSI and others to help them better serve Tax Commission employees.

Ms. Grabenstein further reported that she is excited that the SharePoint site is almost ready to use. One of the goals for the HR page is to ensure the information is the most current and when it goes live, it will have the best and cleanest information available.

As Mr. Bernasconi mentioned, they have been working with DHR and DFM on compensation-related issues. It has been great to recognize some employees that were highly involved in Rebound Idaho or worked in direct COVID support situations. DHR and DFM have been working to help us move away from the practice of starting all employees at 70% of the median of the pay range. To do that, some inequities were created with existing employees and they have helped us to rectify that when it has occurred. We will continue those discussions because this is a very important topic for Tax Commission employees.

In closing there have been 22 Tax Commission employees test positive for COVID and 96 employees have quarantined, either due to close contact exposure or COVID-like symptoms, but with no positive test. Employees were asked to quarantine out of an abundance of caution for the safety of everyone.

Chairman McCray commented on the Gallup survey results saying that a 6% improvement is significant, and the group needs to feel good about the work they have done. He believes we are on a good trend and looks forward to continued improvement in the employee engagement scores.

### **Reports on Rules Committees**

Mark Warbis reported on behalf of Mr. Tom Shaner that the Rules Committees have been doing background work and preparing for the rules season, which has been very light since the Governor's restrictions on rulemaking have been put into place. He yielded to Mr. Brown to comment on the Property Tax Rules committees. Mr. Brown said they have not been meeting.

Chairman McCray asked what the timeframe is for rulemaking this year. Mr. Warbis responded that as soon as the legislature adjourns, one of the first items of business is for the chairs of the various rules committees to bring the committees together and discuss what has happened in the legislature, in terms of statute changes or anything that may necessitate a change in the rules. It is all triggered by the end of the legislative session. Commissioner Moyle added that it all revolves around what the legislature does with the Administrative Rules. It is her understanding that they may not pass again.

### **Other Business**

There was no other business.

### **Public Comment**

There were no public comments.

### **Executive Session**

Commissioner Moyle moved to go into Executive Session with legal counsel pursuant to Idaho Code § 74-206(1)(f) to discuss the status of litigation to which the Commission is a party. Maria Young, Management Assistant took a roll call vote: Commissioner Katsilometes, Chairman McCray, Commissioner Moyle, and Commissioner 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.

Chairman McCray noted the next business meeting of the Tax Commission will be March 23, 2021 at 9:00 a.m.

There being no further business, Chairman McCray adjourned the meeting.

Maria Young

Jeff McCray, Chairman