

IDAHO STATE TAX COMMISSION

COMMISSIONERS' OPEN MEETING MINUTES OF MEETING JULY 6, 2016

In attendance: Commissioners Ken A. Roberts, Tom Katsilometes, Richard W. Jackson, and Elliot S. Werk; Mike Chakarun, Debbie Coulson, Renee Eymann, Steve Fiscus, James Pendergrass, Chuck Pond, Glenda Smith, Phil Skinner, Mike Teller, Randy Tilley, Doreen Warren, Adrienne Yates; Cynthia Adrian, Alan Dornfest, Don Williams; Mat Cundiff, George Brown, Becky Ihli, Erick Shaner, David Young; Trudy Charles, Jess Jackson, Katie Laws, Carl Wardle.

Guest: Kay Christensen.

Public Session.

Commissioner Rich Jackson convened the open meeting and welcomed all those in attendance.

Presentation of Certificates of Service.

James Pendergrass, Performance Development Specialist, in the absence of Roxanne Lopez, Human Resource Officer, acknowledged the employees receiving a Certificate of Service. James stated how much their combined total of 125 years of state service was appreciated.

The Certificate of Service recipients in attendance were: Rich Jackson, State Tax Commissioner, Administration – 5 years of state service; Katie Laws, Tax Auditor 3, Audit Division – 5 years of state service; Carl Wardle, Technical Records Specialist 1, Collection Division – 5 years of state service; Jess Jackson, Senior IT Information Systems Technician, Information Technology – 15 years of state service; and Trudy Charles, IT Systems Analyst, Property Tax Division – 30 years of state service and a thank-you letter from the Governor.

The Certificate of Service recipients not in attendance were: Sharron Cook, Technical Records Specialist 1, Coeur d'Alene Field Office - 5 years of state service; Kari Lawrence, Tax Auditor 1, Audit Division – 5 years of state service; Kami Rupp, Tax Auditor 3, Lewiston Field Office – 5 years of state service; and Doug Harrie, Tax Audit Manager, Audit Division – 35 years of state service and a thank-you letter from the Governor. They will receive their certificates at a later time.

The commissioners expressed their congratulations to all the recipients and said how the recipients' combined total of 125 years of dedicated state service was commendable and how the everyday work they do is valued and appreciated.

Commissioner Jackson welcomed Kay Christensen, Division Chief — Attorney General's Office of Contracts and Administrative Law and thanked her for attending the meeting.

Business Requiring Vote of the Commission.

Minutes: Open Meetings – June 6, 2016.

Commissioner Elliot S. Werk moved that the minutes of the open meeting held on June 6, 2016, be approved with an amendment to page three, third paragraph, first sentence to read: “On an equally important contract.” Comment made by Doreen Warren to further amend the sentence to read: “Will Rice,” and another comment to the legal significance of the change. Commissioner Tom Katsilometes seconded. All voted in the affirmative and the amended minutes of the open meetings held on June 6, 2016, were approved.

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

Administrative Reports.

Division, Debbie Coulson.

Debbie Coulson, Tax Division Administrator, Collection Department reported on end of the year preliminary collection recoveries for FY2016 totaled \$117,754,192.12. Collection recoveries for FY2015 totaled \$112,397,933. That is an increase of \$5,356,259.12.

Number of collection cases closed for FY2016 was 98,994. Number of collection cases closed for FY2015 was 90,662. That is an increase of 8,332 closed cases.

Vendor offset program (State Controller’s Office) recoveries in FY2016 were \$309,863.40

Temporary Sellers Permit recoveries for FY2016 were \$1,626,105.69, an increase from last year of \$336,710.69.

Total phone calls received through Taxpayer Services (TPS) and Automated Billing Unit (Collection Division) for FY2016 was 197,375. Total phone calls handled through TPS and Automated Billing Unit for FY2015 was 175,969. Calls received in FY2016 increased by 22,936 or 13% compared to last fiscal year. Telephone calls abandoned rate was 11%; up from 8.2% last year. Chairman Roberts commented about graphing the results to show the change of calls over the years. Debbie noted that graphing can be done monthly, except the field offices. Commissioner Werk commented on the opened versus closed cases, asked whether we falling further and further behind in closing cases versus opening cases, and should the Commission consider increasing the staffing for incoming phone calls due to the 13% increase. He also, requested a call analysis to help consider adding resources to TPS and the Collection Division for incoming call support. Debbie noted that the number of cases opened versus closed was the same as FY2015; we opened more cases than we closed. As for the call volume, there are not enough resources for the call volume and additional help should be considered for next year.

There were no more questions.

Tax Policy Manager, Mike Chakarun.

Mike Chakarun, Tax Policy Manager reported on the monthly updates about revamping the appeals process, and future updates will focus on appeal case type reporting, open cases, closed cases, and turn-around time. Commissioner Werk commented on non-responders and asked how non-responders will be accounted for and if there will be deadlines for action taken. Mike noted that it will depend on a case-by-case basis, but benchmarking is in progress to set performance standards by case type to improve tracking and response times.

There were no more questions.

Revenue Operations, Doreen Warren.

Doreen Warren, Revenue Operations (RO) Division Administrator, reported 26,000 more refunds and 26,000 more returns were received in the same period as compared to last year. Doreen noted that refunds increased by \$24,000,000 this year and RO met their refund goal for this year. As a result of the increased phone calls relating to 'Where's my refund,' the agency is working on an initiative to provide clearer guidance and expectations regarding refund processing. Chairman Roberts commented that Doreen would be the new director of Taxpayer Resources and thanked her for her service. Commissioner Jackson commented on her dedication to the Commission.

There were no more questions.

There were no more administrative reports.

Reports on Rules Committees.

Income Tax Rules Committee Chair, Cynthia Adrian.

Cynthia Adrian, Income Tax Rules Committee Chair, reported the next meeting would be on Thursday, July 21, 2016, at 2:00 p.m. in conference room 1CR5. The rules committee will discuss Multistate Tax Commission (MTC) income tax formula. Chairman Roberts asked about the adoption of the new financial formula. Cynthia noted the adoption date was in July 2015.

There were no more questions.

Motor Fuels Tax Rules – Committee Chair, Don Williams.

Don Williams, the Motor Fuels Tax Rules Committee Chair, reported that work is complete; they are now working on forms. Rule 130 Distributor's Fuel Tax is ready to publish. Commissioner Katsilometes asked about the significance and changes in the Rule 130 and form changes. Don noted that the rule change will not affect the form, rather the dated information was removed. This includes removing the credits to Ethanol and Bio-diesel fuel references to bad debt, and information from 2007 and 2009 that are past the statute of limitations. Don also noted that a portion of the distributor's deductions from another rule would be moved to Rule 130. In addition, form changes for the dated material were completed over 10 years ago; therefore, no further form changes are necessary for those updates. The form changes that the committee is working on are for the rule changes adopted in the past legislative session.

There were no more questions.

Sales & Use Tax Administrative Rules – Interim Committee Chair, Doug Harrie.

Randy Tilley, Audit Division Administrator, on behalf of Doug Harrie, Sales and Use Tax Administrative Rules Interim Committee Chair, who was absent, reported the next meeting would be on Tuesday, July 19, 2016, at 9:00 a.m. in conference room 1CR5. Randy reported on the progress from the meeting on June 2, 2016, which included reviewing Rule 103 in regard to the "Hand Tool Exclusion" and the legislative changes in House Bill 347; reviewing Rule 027 subsection 09 with regard to "Reports Compiled by a Computer" and the consistency with Idaho Code 63-3616 section; and discussions on hotel motel taxes and the exemptions therein. Mike Chakarun complimented Doug Harrie on his success as the interim chair of the committee.

There were no more questions.

Property Tax Rules – Committee Chair, Alan Dornfest.

Alan Dornfest, Property Tax Rules Committee Chair, reported on the progress from the last meeting on June 28, 2016. Alan noted that six of the twelve proposed rules are finished; the other six are in progress. Alan noted that Rule 804, Urban Renewal, is in progress to meet the requirements and the committee is on track. Next committee meeting will be Thursday, July 21, 2016, at 9:00 a.m. Commissioner Jackson thanked Alan for his hard work.

There were no more questions.

There were no more rules committee reports.

Other Business.

Doreen proposed an amendment to the meeting minutes from June 6, 2016; to change Will Rich to “Will Rice.”

There was no other business.

Public Comments.

Commissioner Rich Jackson asked if the guests in attendance had any comments.

There were no public comments.

Recess.

Commissioner Rich Jackson recessed the Public Session for seven minutes to reconvene for the commissioners to meet with the Commission’s legal counsel.

Reconvene Meeting.

Commissioner Rich Jackson reconvened the open meeting.

Executive Session.

Commissioner Katsilometes moved to go into the 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, in addition to discuss matters which are exempt pursuant to Idaho Code § 74-206(1)(b). Chairman Werk seconded. A roll call vote was taken by Adrienne Yates, Administrative Assistant. Commissioners Roberts, 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, in addition to discuss matters which are exempt pursuant to Idaho Code § 74-206(1)(b). No matters requiring a vote of the Commission resulted from the executive session.

Public Session.

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

There being no further business, the meeting adjourned.

Adrienne Yates
Secretary

Rich Jackson
Chair