

IDAHO STATE TAX COMMISSION
COMMISSIONERS' OPEN MEETING
MINUTES OF MEETING AUGUST 12, 2019

In attendance: Commissioners Janet Moyle, Tom Harris, Elliot Werk and Tom Katsilometes; Debbie Coulson, Kathlynn Ireland, Shelli Boggie, Randy Tilley, Renee Eymann, Mike Chakarun, Glenda Smith, Mark Poppler, Mark Warbis, George Brown, Michael Pendergrass, Tom Shaner, Cynthia Adrian, Phil Skinner, Maria Young.

Guests: Miguel Legaretta, Associated Taxpayers of Idaho; Laura Lantz, Executive Director, Idaho Society of Certified Public Accountants; Andy Snook, Office of the Attorney General; David Hahn, Division of Financial Management.

Public Session

Commissioner Moyle called the meeting to order and welcomed all those in attendance.

Presentation of Certificates of Service

Michael Pendergrass, Human Resources Officer, acknowledged the employees receiving Certificates of Service. Mr. Pendergrass noted that their combined total of 75 years of state service is appreciated. The Certificate of Service recipients in attendance were: Heather Holloway, Tax Auditor 3, Fuels Tax & Registration Fees, 5 years (not present); Mark Konzek, Tax Auditor 2, Tax Discovery Bureau, 5 years; Caleb Ross, Tax Auditor 3, 5 years (not present); Gordon Meyers, Taxpayer Services Specialist, Taxpayer Services, 15 years; Debbie Coulson, Tax Division Administrator, Collection, 20 years; Shelley Johnson, Tax Compliance Officer 2, Boise Field Office, 25 years.

The Commissioners expressed their congratulations and appreciation for all the years of service.

Business requiring a vote of the Commission

Minutes: Open Meeting – July 10, 2019

Commissioner Werk moved to approve the minutes of the open meetings held on July 10, 2019. Commissioner Katsilometes seconded the motion. All voted in the affirmative and the minutes of the open meeting held July 10, 2019 were approved.

Resolution: 19-03

Ms. Pamela Waters presented the Resolution to publish the adjustments to the income limitations applicable to the “circuit breaker” property tax reduction program no later than October 1 of each and every year, in accordance with the Federal poverty guidelines. In 2019, the Federal poverty level was \$16,910, multiplied by 185%, which equals \$31,284, which is a 2.7% increase over 2018.

Commissioner Katsilometes moved to approve Resolution 19-03, Commissioner Werk seconded the motion. Commissioner Werk commented that there were only 4,000 applications for the Circuit Breaker program in Ada County. It would be nice to have more people take advantage of this program. He appreciates Ms. Waters and the people in Property Tax with whom she works. There was no further discussion. All voted in the affirmative and Resolution 19-03 was approved.

Administrative Reports

Tax Appeals Manager, Mike Chakarun

Mike Chakarun had no report.

Audit Division Administrator, Randy Tilley

Randy Tilley reported on the audit activity over the last couple of months. There were 1,518 completed audits in July with \$3.4 million in recoveries. In August, there were 1,638 completed audits with \$4.5 million recovered. The audit counts are less this year than last year, but the recoveries are higher. Audit is doing quality audits that are selective with actual compliance issues, rather than conducting “no change” audits, which helps neither the taxpayer nor the state. Fraud is still reviewing non-responders and identifying issues related to those returns; no new fraud has been identified this week. The Idaho Fraud Unit is looking at how other states identify fraud counts and later this week, there will be discussions about what constitutes fraud. Earlier today, Audit and Collections met to review credit locks; what collections does and what audit can do to assist in those processes. Several issues were identified, and they will collectively work to ensure there is a consistent approach. The groups will work with the legal team to determine if changes in previous administrative guidelines surrounding refund holds are necessary.

Mr. Tilley introduced his replacement: Kim Wind is the Tax Discovery Bureau Chief and was selected to succeed him as the Audit Division Administrator; he welcomed her and is happy she will be moving into this position.

Collection, Debbie Coulson

Debbie Coulson had no report.

Management Services, Mark Poppler

Glenda Smith, Security Program Manager, provided the Management Services update on behalf of Mark Poppler. Ms. Smith provided updates on the Tax Commission’s move from the Park location to the Chinden offices. There are approximately 300 more people to move into the Chinden offices; Audit is located in Building 8 at Chinden and there are approximately 75 – 100 people remaining at the Park location. Mr. Poppler is finalizing the FY 2021 budget that is due to the Division of Financial Management by the end of August. The Tax Commission’s first distribution to the Tax Relief fund, as it relates to the Wayfair legislation, has been made.

Human Resources, Roxanne Lopez

Shelli Boggie, Human Resources associate, had no report.

Integration Services Manager, Terry Ford

Terry Ford reported that her numbers vary slightly from Ms. Smith’s numbers. As of last Friday, 215 Tax Commission employees have moved from the Park location to the Chinden offices. The moves began July 19. Another 60 employees will be moved by the end of August. Everyone has assisted where and when necessary; this has been a great team effort. Ms. Ford wanted to ensure some people received special recognition for the work they have done with and for this move: Lisa Schroeder, Valerie Clark, Kevin Voss, Tim Clark, and Justine Weaver. These people have been great assets for the move effort, working very long hours, doing back-breaking work, and they are still doing their regular jobs with grace and smiles on their faces. The technology piece is behind schedule due to limited IT resources and the annex construction has caused a delay in moving Revenue Operations. The move teams are meeting regularly and overcoming issues as they arise. The Information Services team has assumed new duties. They

asked that Ms. Ford recognize they have been working on multiple projects, while facilitating the move, including CP-2000 automation, and two others that were managed in-house, at a significant cost savings; they implemented reports to handle HB 259 (Wayfair) revenue processing and built up two internal projects.

Commissioner Werk commented that this will be Terry Ford's last meeting and he expressed his gratitude. Ms. Ford has gone above and beyond and the management of the transition to ITS has been spectacular. He congratulated her and wished her well in her new position. She will be truly missed.

Public Information and Taxpayer Resources, Mark Warbis

Mark Warbis reported all legislation has been submitted and all but one (1) was accepted for introduction. The Taxpayer Resources Unit will be finished with the latest rules' submissions by the end of August.

Property Tax Division Administrator, George Brown

George Brown reported half of his people will move the end of this week; half are already here. Ms. Ford has been instrumental in the whole move process and will be greatly missed.

Property Tax conducted their summer school. The Summer and Winter schools are mandated in statute to certify appraisers in Idaho. They had 323 (30 from out of state) registrants: 26 Appraisal GIS and Mapping classes, using 15 classrooms and a mix of theory and hands-on classes. There were 37 Idaho counties represented. They look forward to the Winter school on January 6 – 10, 2020.

There have been some concerns in Bannock County this year. It appears those are now resolved. Commissioner Katsilometes, Mr. Brown, and two others from the Property Tax Division travelled to Bannock County to meet with the Commissioners and some members of the community and the press and the meeting went well. It appears that Bannock county is now in compliance.

Mr. Legaretta asked what happened in Bannock County. Mr. Brown responded that the county was late getting their assessment notices out. The Property Tax Division helped the county transition to the new software last year. Property Values went up, across the state, in unprecedented numbers. Bannock County got their notices out late, there were new people in the Assessor's office, and there was miscommunication between the county officials and the taxpayers and the press. The meeting in Bannock County allowed the Tax Commission to explain how things work: ratio studies, property tax assessments and how taxes relate. The county was trying to facilitate accurate communication.

Commissioner Katsilometes added that there were 19 counties out of compliance, not just Bannock County. Bannock County was one and a pre-notice was sent to each county to allow them time to get into compliance with the ratio studies instead of coming before the State Board of Equalization. When the county comes before the State Board of Equalization, there is no appeal for the taxpayer. They cannot go to the Board of Tax Appeals or to the court to appeal the value. The Tax Commission's information helped the citizens to understand the process and it relieved their anxiety. It was particularly valuable to correlate value increase to actual property tax that would be paid and that a value increase of 30% would not necessarily be a 30% tax increase. The county can only raise their budget by 3% per year – limiting increases in actual property tax.

Revenue Operations Division, John Bernasconi

Justine Weaver, no report.

Reports on Rules Committees

Alan Dornfest, Chair Property Tax Rules Committee, said they have had their last meeting of the cycle to finish their business. There were two types of actions before his committee: one is to review examples found in rule that were there for illustration purposes; there are 10 rules with deletions of examples, there is no substantive change to these rules. They are searching for a place to retain those examples for those that want to see those illustrations. Additionally, there are nine proposed rules that will go through the normal publication process. After publication and public comment, they will be brought for review. They will have time at the Assessor's Conference to present these rules in the next two weeks.

Mark Warbis, in the absence of the other rules committee chairpersons, reported there is good progress being made in the other committees. There are some challenges in the Beer and Wine Tax Rules that are under careful consideration. That committee will meet next week to continue work on consolidating many of those rules: the rules don't completely match but they are working to combine them and incorporate all the essential elements into a combined rule using common language. It is not a question of if these things happen, it is a matter of when and how, but it will be finished by the end of August. He added that the complexity of the sales tax world has made this more challenging than most. Tom Shaner is maintaining a list of those issues that would not fit into the right category of a rule by helping to clarify the statute, and they will be meeting with legislative leadership to discuss the option of a policy-driven solution for some of those statutes that are more problematic in their administration.

Other Business

Mr. Legaretta asked when the appeals decisions will be posted online. Mike Chakarun responded they hired a new administrative person that will be working on that; it should be soon.

Public Comments

There were no public comments.

Executive Session

Commissioner Katsilometes moved to go into Executive Session with legal counsel pursuant to Idaho Code § 74-206(1)(f) to discuss the current status of litigation to which the Commission is a party. A roll call vote was taken by Maria Young, Management Assistant and Commissioners Moyle, Harris, Katsilometes, 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 Moyle declared the Executive Session ended and returned to the public session.

There being no further business, Commissioner Moyle adjourned the meeting.

Maria Young

Janet Moyle