

IDAHO STATE TAX COMMISSION

COMMISSIONERS' OPEN MEETING MINUTES OF MEETING SEPTEMBER 14, 2016

In attendance: Commissioners Ken A. Roberts, Richard W. Jackson, and Elliot S. Werk; Justine Weaver, Mark Poppler, Mike Chakarun, Steve Fiscus, James Pendergrass, Chuck Pond, Glenda Smith, Phil Skinner, Mike Teller, Robin O'Neill, Randy Tilley, Doreen Warren, Adrienne Yates, Cynthia Adrian, Alan Dornfest, George Brown, Becky Ihli, Erick Shaner, and David Young.

Public Session.

Chairman Ken Roberts 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 95 years of state service was appreciated. The Certificate of Service recipients in attendance were: Brenda Kolding, Technical Records Specialist 2, Audit Division – 10 years; Tom Shaner, Tax Specialist, Policy – 10 years; Melanie Palmer, Tax Auditor 3, Audit Division – 20 years, along with a thank you letter from the Governor; and Alan Dornfest, Property Tax Policy Bureau Chief, Property Tax Division – 40 years, along with a thank you letter from the Governor.

The Certificate of Service recipients not in attendance were Janet Ek, Technical Records Specialist 1, Collection Division - 5 years and Jamie Scheer, Tax Auditor 3, Twin Falls Field Office – 10 years. They will receive their certificates 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 Meetings – August 3, 2016.

Commissioner Werk moved that the minutes of the open meetings held on August 3, 2016, be approved. Commissioner Jackson seconded. There were no comments or amendments. All voted in the affirmative and the minutes of the open meetings held on August 3, 2016, were approved.

Resolution 16-04 2017 Interest Rate

Cynthia Adrian presented Resolution 16-04 that gives the annual rate of interest applicable to delinquent state taxes accruing or unpaid during all or any part of calendar year 2017 and is calculated at 3% simple interest. Chairman Roberts asked if this is for both paying as well as collecting and Ms. Adrian said yes, it is. Commissioner Jackson moved to approve Resolution 16-04 adjusting the interest rate, and Commissioner Katsilometes seconded the motion. All voted in the affirmative and Resolution 16-04 for the 2017 Interest Rate was adopted.

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

Administrative Reports.

Audit Division, Randy Tilley

Randy Tilley had no report at this time.

There were no questions.

Management Services, Glenda Smith

Glenda Smith attended in Mark Poppler's absence and she had not report at this time. There were no questions.

Revenue Operations, Justine Weaver

Justine Weaver had no report at this time.

There were no questions.

Tax Division Administrator, County Support, Steve Fiscus

Steve Fiscus 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, Tax Appeals Manager, reported on the status of cases ending in August 2016. Mr. Chakarun said they closed 33 cases with an average age of 318 days. At the end of August, appeals had 435 cases in inventory at an average age of 377 days, which is down slightly compared to the end of July where there were 425 cases with an average age of 379 days. Mr. Chakarun reported that they presently have seven tax specialists on staff and the new tax appeals specialist began work on August 29, which brings them up to their authorized staffing level.

There were no 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 that all Income Tax Rules will be published in the October Administrative Bulletin on October 5, 2016. The comment period for those rules ends October 26.

There were no more questions.

Property Tax Rules – Committee Chair, Alan Dornfest

Alan Dornfest, Property Tax Rules Committee Chair, reported that all of the rules were published in the September bulletin and the comment period ends September 28. There is an issue that has come up recently concerning the sales tax distribution rule, which we will be addressing

further in the open meeting coming up in October and will be Temporary Rule 995. Mr. Dornfest said they have contacted DFM and staff in Mark Poppler's office and the issue that has come up is this is the first year that LSO has actually found taxing districts that are out of compliance with the legal requirements to report certain financial information to LSO. The latest information shows that there are 60 taxing districts on this list but 30 that are considered real taxing districts in that they have a probability of having sales tax or property tax revenue that could be affected by the penalty. One of the penalties is to withhold sales tax. We have got that in the rule already, so that isn't a problem, however the problem is the law says that if LSO finds the district back in compliance the money is to be released to the district that it has been recovered from and that is what creates an administrative problem. The issue is when and how often do we release those funds. Mr. Dornfest said when working with administrative staff, they feel that it is good to leave some flexibility but put something in the rule that we distribute at least quarterly. He said when they reported that language to DFM yesterday, there were some concerns about whether there was enough flexibility within the statute and that we should contact LSO to make sure they didn't see a problem with that. He has been informed that the LSO auditors would actually prefer quarterly distributions. We think it is important to determine that because taxing districts should have some disclosure about when they have the expectation of receiving that money. Chairman Roberts asked if normal distributions of revenue sharing are done on a quarterly basis. Mr. Dornfest said they are done quarterly and they are distributed through the County. The requirements that the districts are not in compliance with are not from our agency so Mr. Dornfest does not know all of the reporting requirements for compliance on this issue, however it was noted that it is from Idaho Code § 67-450E.

There were no more questions.

There were no more rules committee reports.

Other Business.

There were no items of other business.

Public Comments.

Chairman Roberts asked if the guests in attendance had any comments.

There were no public comments.

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. Commissioner Werk seconded to motion. A roll call vote was taken by Adrienne Yates, Administrative Assistant. Commissioners Roberts, Jackson, 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.

Chairman Roberts declared the Executive Session ended and returned to the public session. There being no further business, Commissioner Werk made a motion to adjourn the meeting. Commissioner Jackson seconded the motion. Commissioners Roberts, Jackson, Katsilometes, and Werk all voted in favor and the motion passed. The meeting was adjourned.

Adrienne Yates

Ken Roberts