

**IDAHO STATE TAX COMMISSION**  
**COMMISSIONERS' OPEN MEETING**  
**MINUTES OF MEETING NOVEMBER 5, 2014**

In attendance: Commissioners Richard W. Jackson, Tom Katsilometes, and Ken A. Roberts; Michael Chakarun, Debbie Coulson, Valerie Dilley, Steve Fiscus, Scott Grothe, Robin O'Neill, Chuck Pond, Liz Rodosovich, Mike Teller, Randy Tilley, Bill von Tagen, Doreen Warren; Cynthia Adrian, Sherry Briscoe, Alan Dornfest, James Pendergrass, McLean Russell, Glenda Smith, Don Williams; Mat Cundiff, Erick Shaner, Phil Skinner, David Young; Sue Bale, Chris Barry, Janice Boyd, Leena Gilman, Tarra Harris, Rhonda Haub, Mark Hill, Dwayne Hines, Diane House, Kelly McConnell, Maria Nunez, Jerott Rudd, Liliya Salato, Ross Stephenson, David Wentland.

Guests: Terry Accordino, Brody Aston, Ben Davenport, John Foster, Jason Kreizenbeck, Caitlin Rushe, Skip Smyser, Matt Warnick.

**Public Session.**

Chairman Richard W. Jackson convened the open meeting and welcomed all those in attendance.

The Chairman acknowledged the Collection staff, in particular Debbie Coulson, Susan Frickey, and Janet Ek, for making tribute stars to recognize to all the veterans in the Tax Commission for Veterans Day. The Chairman was very pleased how staff, on their own, chose to honor those in the agency who served our country in the military.

**Presentation of Certificates of Service.**

James Pendergrass, Performance Development Specialist, in the absence of Roxanne Lopez, Human Resources Officer, acknowledged the employees receiving a Certificate of Service, and stated how much their combined 150 years of state service were appreciated.

The Certificate of Service recipients in attendance were: Rhonda Haub, Tax Compliance Technician (Collection), and Leena Gilman, Technical Records Specialist 1 (Property Tax), for 5 years of state service; Sue Bale, Technical Records Specialist 1 (Collection), and Mark Hill, Technical Records Specialist 2 (Audit), for 10 years of state service; Liliya Salato, Financial Specialist (Management Services), and Tarra Harris, Tax Collection Unit Supervisor (Collection), for 15 years of state service; Ross Stephenson, Senior Tax Appraiser (Property Tax) for 30 years of state service and a thank-you letter from the Governor; and Diane House, Tax Auditor 3 (Audit) for 35 years of state service and a thank-you letter from the Governor.

The absent recipient Andy Wiggin, Program Information Coordinator (Revenue Operations) for 25 years of state service, will have his certificate and thank-you letter from the Governor presented at a later date.

The Commissioners congratulated all the recipients and said how the recipients' combined total of 150 years of dedicated state service was commendable and how the everyday work they do is appreciated.

The Chairman acknowledged the guests in attendance at the open meeting and stated how the Commission appreciated their interest and participation. Introductions followed from Matt Warnick, Financial Analyst from Division of Financial Management (DFM); Brody Aston and Jason Kreizenbeck from Lobby Idaho, LLC; Ben Davenport, President of the Associated Taxpayers of Idaho (ATI); Terry Accordino, Tax Manager for Micron; Caitlin Rusche, Idaho Association of

Counties (IAC) Member Services Coordinator; John Foster, lobbyist for Alta Mesa; and restaurant owner, Skip Smyser.

**Business Requiring Vote of the Commission.**

Minutes: Open Meeting – October 1, 2014.

Commissioner Ken A. Roberts moved that the minutes of the open meeting held on October 1, 2014, be approved. Commissioner Katsilometes seconded. There were no comments or amendments. All voted in the affirmative and the minutes of the open meeting on October 1, 2014, were approved.

Resolution 14-09 – ISTC 2015 Proposed Rules.

Michael Chakarun, Tax Policy Manager, presented Resolution 14-09 – ISTC 2015 Proposed Rules. Michael recommended that the Commission adopt Resolution 14-09. Resolution 14-09 includes various additions, and changes to income tax, sales tax, and property tax rules.

The full texts of the rules had been provided to each of the Commissioners prior to this meeting and had been discussed at previous open meetings. Most of the rules have been developed using the negotiated rule-making process. The proposed rules have also been published in the October Bulletin.

Michael noted that the rules committee chairs were present for any further discussion. McLean Russell, Sales and Use Tax Rules Committee Chair, noted that there were two rules in particular that did not receive comments from the public during the comment period, nor did the rules committee receive any requests for a hearing. The two rules referred to were Proposed Rule 102 – Logging, and Proposed Rule 128 – Certificates for Resale and Other Exemption Claims.

Commissioner Roberts moved that Resolution 14-09 – ISTC 2015 Proposed Rules be approved, and Commissioner Katsilometes seconded. There were no further comments or questions. All voted in the affirmative, and the motion passed.

Chairman Jackson commended Michael and the rules committees for their efforts in the negotiated rules process and the substantive rules package just presented

Resolution 14-10 – Amended Property Tax Proposed Rules.

Alan Dornfest, Property Tax Policy Bureau Chief, presented Resolution 14-10 – Amended 2015 Property Tax Proposed Rules, and recommended the Commission adopt the resolution. This resolution included the amendments to the published Proposed Property Tax Rules 626 and 627. A brief discussion followed.

Commissioner Katsilometes moved that Resolution 14-10 – Amended 2015 Property Tax Proposed Rules be adopted, and Commissioner Roberts seconded. Commissioner Katsilometes thanked Micron’s Terry Accordino for his valuable assistance in the rulemaking process. There were no more comments or questions. All voted in the affirmative and Resolution 14-10 was adopted.

Public Comment Regarding Proposed Sales Tax Rule 027.

Jason Kreizenbeck, Lobby Idaho, LLC, requested to make a public comment on the Proposed Sales Tax Rule 027 - Computer Equipment, Software, & Data Services, which was not included in the Resolution 14-09 – ISTC 2015 Proposed Rules. Mr. Kreizenbeck noted that he represented his clients, Dish Network and Direct TV, and had submitted and extended written comment on behalf of his clients regarding the Proposed Sales Tax Rule 027 on October 22, 2014.

Mr. Kreizenbeck said his clients requested some understanding be provided in the rule that includes satellite, along with the television and cable broadcasters. Commissioner Roberts noted that the statute did not mention satellite, only television and cable. The Tax Commission does not establish policy, so the Legislature would need to clarify their intent before we could add the term satellite to the rule.

Chairman Jackson proposed to set aside or hold the discussion on Proposed Sales Tax Rule 027 - Computer Equipment, Software, & Data Services, for another public meeting in two weeks on Wednesday, November 19, 2014. This would allow a chance to get more information and clarification on the rule.

Commissioner Roberts inquired if the procedure would be legal, and Deputy Attorney General Bill von Tagen noted that the Commission would be able to hold a special open meeting and provide proper notice. Deputy Attorney General Erick Shaner added that the technology is far ahead of the statute for this rule. Commissioner Roberts proposed having the open meeting on November 19, after receiving legal direction.

The Commission agreed to schedule a special open meeting on November 19, 2014, to vote on Proposed Sales Tax Rule 027, where Mr. Kreizenbeck will continue his presentation on behalf of his clients.

#### Data Governance Council Charter.

Scott Grothe, Principal Research Analyst, presented the Charter for the Data Governance Council, and recommended the Commission adopt the charter. The purpose of this charter is to formally establish a Data Governance Council (DGC) accountable to incorporate data management as an agency-wide function to preserve and improve data integrity and security. The council has the authority to institute and modify ISTC data policies, processes, standards, and expectations into the future. There were no questions. Commissioner Roberts noted how extremely excited he was about the council and what can be produced in amazing trends, data, and the need for clear direction and governance on how we operate this agency.

Commissioner Roberts moved that Data Governance Council Charter be adopted, and Commissioner Katsilometes seconded. There were no comments or questions. All voted in the affirmative and the Data Governance Council Charter was adopted.

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

#### **Administrative Reports.**

##### Legal, Bill von Tagen.

Bill von Tagen, Deputy Attorney General, introduced the new deputy attorney general assigned to the State Tax Commission, David Young. Bill noted that David has been with the Attorney General's Office since 2006 and will be a great addition to the Legal staff. David added that he was glad to be here and he looked forward to working with everyone. The commissioners welcomed David to the agency.

##### Revenue Operations, Doreen Warren.

Doreen Warren, Revenue Operations Division Administrator, reported that since the week of October 20, Michael Chakarun, Katie Laws (from Audit) and herself, have been traveling the state visiting with practitioners. So far, they have visited six sites and have provided training for approximately 200 practitioners. The training consists of: rules and legislative updates; processing update with a focus on fraud and identity theft; from audit, an in-depth exercise of calculating

distributable income and using the Idaho K-1; and an agency update with an overview of our negotiated rulemaking process, appeal process, and the agency shift to data-focused decision making. There are three training sessions remaining and they will wrap up on November 19, 2014.

While on the road, the team also took the opportunity to visit with each of the field offices and has received valuable feedback from them, which they will share with the Executive Leadership Team (ELT).

On November 15, the agency will roll out its first Taxpayer Access Point (TAP) module for Phase 2 of the GenTax upgrade project (GEM). The first roll-out will be for International Fuel Tax Agreement (IFTA) licensees. They will begin renewing their licenses for 2015 using the new module.

RO is in the process of preparing for the next rollout to employers who want to remit W-2s and the annual reconciliation return electronically. Usability testing will take place on November 17. The second roll-out is scheduled for December 15, 2014.

Doreen added that the remaining functionality currently housed at Access Idaho (other than credit card and e-check payments) will transition to TAP on January 15, 2014.

The Nez Perce tax expired on September 30, 2014. Communications will be issuing a press release tomorrow to remind retailers that they should have stopped collecting the tax and consumers should not be paying the tax.

There were no questions.

There were no more administrative reports.

### **Reports on Rules Committees.**

[Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules – Committee Chair, Cynthia Adrian.](#)

Cynthia Adrian, Income Tax, Administration & Enforcement, Kilowatt, and Mine License Rules Committee Chair, noted that there was nothing new to report.

There were no questions.

[Motor and Special Fuels Tax Rules – Committee Chair, Don Williams.](#)

Don Williams, the Motor and Special Fuels Tax Rules Committee Chair, noted there was no rules committee report.

[Sales & Use Tax Administrative Rules – Committee Chair, McLean Russell.](#)

McLean Russell, Sales & Use Tax Administrative Rules Committee Chair, noted there was no rules committee report.

[Property Tax Rules – Committee Chair, Alan Dornfest.](#)

Alan Dornfest, Property Tax Rules Committee Chair noted there was no rules committee report.

There were no rules committee reports.

### **Other Business.**

Bill von Tagen, Deputy Attorney General, presented This Day in History.

This Day in History, November 5:

1492 – Christopher Columbus learns of maize (corn) from the Indians of Cuba  
1605 – Gunpowder Plot; Catholics try to blow up English Parliament. Plot uncovered and leader Guy Gawkes hanged.  
1781 – John Hanson elected first “President of the US in Congress assembled”  
1935 – Parker Brothers launches game of Monopoly  
1940 – President FDR (D) wins unprecedented third term beating Wendell Willkei (R)  
1946 – John F. Kennedy (D-MA) elected to the US House of Representatives  
1956 – Britain and France land forces in Egypt  
1968 – Nixon beats VP Humphrey (D) and George C. Wallace for Presidency

#1 Song

1969 – “Wedding Bell Blues” sung by the 5<sup>th</sup> Dimension.

There was no other business.

### **Public Comments.**

John Foster, lobbyist representing Alta Mesa in Payette County, noted that the company he represents is happy to pay taxes to support the community and state.

Ben Davenport, Associated Taxpayers of Idaho (ATI) President, reminded all in attendance that the ATI Annual Conference is on December 10, 2014, in Boise, Idaho.

There were no more public comments.

### **Recess.**

Chairman Jackson recessed the Public Session for five minutes to reconvene for the commissioners to meet with the Commission’s legal counsel.

### **Reconvene Meeting.**

Chairman Jackson reconvened the open meeting.

### **Executive Session.**

Commissioner Katsilometes moved to go into the Executive Session with its legal counsel pursuant to Idaho Code § 67-2345(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 § 67-2345(1)(b). Commissioner Roberts seconded. A roll call vote was given by Valerie Dilley, Executive Administrative Assistant. Commissioners Jackson, Katsilometes, and Roberts all voted in favor and the motion passed.

The Commission met in executive session with its legal counsel pursuant to Idaho Code § 67-2345(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 § 67-2345(1)(b). No matters requiring a vote of the Commission resulted from the executive session.

**Public Session.**

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

There being no further business, the meeting adjourned.

Valerie J. Dilley  
Secretary

Richard W. Jackson  
Chairman