

**IDAHO STATE TAX COMMISSION'S 2014 ANNUAL MEETING  
MINUTES OF MEETING HELD DECEMBER 9, 2014**

In attendance: Commissioners Richard W. Jackson, Tom Katsilometes, and Ken A. Roberts; Michael Chakarun, Debbie Coulson, Valerie Dilley, Steve Fiscus, Scott Grothe, Roxanne Lopez, Robin O'Neill, Chuck Pond, Mark Poppler, Liz Rodosovich, Bill von Tagen, Michael Teller, Randy Tilley, Doreen Warren; Alan Dornfest, Renee Eymann, Cheryl Flinn, Robert Howe, Leslie Jones, Dave Noland; Jason Bell, Evan Sylvester.

Guests: *(Names provided on attached sign-up sheets.)*

**Welcome/Introductions.**

Commissioner Tom Katsilometes opened the meeting. The Commissioner welcomed the guests and thanked them for attending the Idaho State Tax Commission's 2014 Annual Meeting. Commissioner Katsilometes noted that this year the ISTC Annual Meeting was being live-streamed by Idaho Public Television and welcomed those viewing the meeting online.

Commissioner Katsilometes introduced Chairman Richard W. Jackson and Commissioner Ken A. Roberts. Commissioner Katsilometes also acknowledged the presence of the ISTC Executive Leadership Team (ELT).

The Commissioner thanked the Idaho Society of Certified Public Accountants (ISCPA) and Melissa Nelson for the refreshments provided later during the recess.

Commissioner Katsilometes then introduced Chairman Jackson to present the Year in Review.

**Year in Review.**

Chairman Jackson discussed the Year in Review noting the Tax Commission is constantly evolving. The annual Meeting's theme this year was Evolve – People, Process, Image. The Chairman noted the GenTax Enhancement Mission (GEM), which the Legislature appropriated \$5.2 million for this tax processing system upgrade. The tax system upgrade includes advanced security protections, Taxpayer Access Point (TAP), fraud manager, dashboards, data analytics and data management tools. The system is scheduled to go live for the 2015 tax season, beginning with IFTA renewal and decal orders in November 2014, W-2, 1099, and Form 967 filing in December 2014, tax return filing in January 2015, and filing E911 returns in March 2015.

The Chairman noted the public survey to get feedback on how well the agency provides information on taxes. The public survey results would assist the Tax Commission in responding to the Office of Performance Evaluations (OPE) recommendations. A brief follow up on ISTC's actions taken in response to the OPE recommendations was included in a PowerPoint slide presentation.

Chairman Jackson then introduced Commissioner Ken A. Roberts to discuss Future Plans.

## **Future Plans.**

Commissioner Roberts discussed the Future Plans of the Tax Commission, covering: Data emphasis with Strategic Goal #4 to expand and enhance how the agency thinks about, maintains, and uses data to inform internal and external decision making. The agency will implement: performance dashboards with leading and lagging key performance indicators to improve data-informed decision making; a Data Governance Workgroup that establishes a system of data-related standards, processes, and expectations across the agency; Collection and Audit case selection prioritization models to make the best use of resources; and an Agency Research Agenda to support data-informed decision making for commissioners, staff, and external stakeholders.

The Commissioner noted that he would conclude with a Part 2 of the Future Plans presentation after the panel discussion.

Commissioner Roberts introduced the next presenter, Michael Chakarun, Tax Policy Manager, to discuss Legislation, Rules, and Policy.

## **Legislation, Rules, and Policy.**

Michael Chakarun highlighted the Legislative Proposals submitted to the legislative session for 2015. Mr. Chakarun presented highlights of the ISTC's legislative proposals submitted for the 2015 session. These included: Claim of right – claim a credit if no benefit from deduction; annual conformity; adding certain Foreign Service workers to the retirement benefits deduction; similar treatment as under Internal Revenue Code (IRC) for Domestic production activities deduction and Idaho net operating loss (NOL); allow deduction for contribution carry over with charitable contributions and Idaho net operating loss; add utility type vehicles (UTVs) and specialty off-highway vehicles (SOHV) sold to nonresidents to the list of vehicles that may be sold exempt from sales tax; repeal the hand tool exemption; and requirements for businesses to electronically file income tax returns.

Mr. Chakarun reviewed the Tax Commission's role in the negotiated rulemaking process and introduced the reorganization of Tax Policy into two groups, the Appeals Unit and the Policy Unit. This would Reduce protest case resolution time and provide better policy analysis and other services to stakeholders.

Mr. Chakarun, after completing his presentation, turned the meeting back to Commissioner Katsilometes.

## **Recess.**

Commissioner Katsilometes announced a recess to break for refreshments provided by the Idaho Society of Certified Public Accountants (ISCPA). Following the recess, there would be a panel presentation/discussion on "Fraud/Identity Theft: growing threats to our economy". The panel would take questions from the audience and viewers could submit questions during the meeting or submit comments afterward through the ISTC website.

The meeting was recessed for a ten-minute break for refreshments.

### **Reconvene Meeting.**

Commissioner Roberts reconvened the meeting and again thanked Ms. Melissa Nelson and the ISCPA for providing the refreshments. Those in the audience were reminded to raise their hands and use the comment cards for the open questions section of the meeting.

### **Panel Presentation/discussion.**

Commissioner Ken Roberts moderated the panel presentation/discussion on “Fraud/Identity Theft: growing threats to our economy.” Commissioner Roberts introduced the panel members: Jason Bell, Supervisory Special Agent, IRS – Criminal Investigation in Boise, supervises the Special Agents and their investigations in the state of Idaho; Evan Sylvester, Information Security Officer, FAST Enterprises, Denver, a Certified Information Systems Security Professional (CISSP) with ten years of academic and professional experience; Doreen Warren, Revenue Operations Division Administrator, ISTC, in charge of processing tax returns and payments for the agency; and Randy Tilley, Audit Division Administrator, ISTC, in charge of examining tax returns and obtaining returns when required to be filed, but no submitted.

The panel spoke on what tax fraud is, the common tax fraud methods and trends, and confirmed fraud statistics, and impact of identity theft. The return processes in both Revenue Operations Division and the Audit Division, in relation to fraud and identity theft, and the agency’s efforts to build a fraud detection infrastructure, were addressed.

Commissioner Roberts concluded the discussion with a summary on the agency’s future prevention efforts with Future Plans – Part 2.

### **Open Questions.**

The commissioners and the panel responded to the various questions submitted by those in the audience or viewing online. Commissioner Roberts noted that the Tax Commission is doing the best job they can with the resources we have to stop identity theft in Idaho. Concluding comments included recognition of the Commission’s commitment to their mission and to transparency, and the professional assistance the ISTC staff provides.

### **Adjourn.**

Commissioner Roberts again thanked everyone for attending or viewing online and invited those in attendance to mingle after the meeting to ask any further questions of the Commissioners. In addition, those who were viewing were invited to offer comments after the meeting by going to the Tax Commission’s website, [tax.idaho.gov](http://tax.idaho.gov), for an email link on the home page. The video of the 2014 Annual Meeting would be archived on the Tax Commission’s website for future viewing.

There being no further business, the meeting adjourned.

Valerie J. Dilley  
Secretary

Richard W. Jackson  
Chairman