

**IDAHO STATE TAX COMMISSION**  
**COMMISSIONERS' OPEN MEETING**  
**MINUTES OF MEETING DECEMBER 7, 2018**

In attendance: Commissioners Ken A. Roberts, Elliot S. Werk, Tom Katsilometes, and Janet Moyle, Randy Tilley, Debbie Coulson, Mark Warbis, Roxanne Lopez, John Bernasconi, Steve Fiscus, Mark Poppler, Terry Ford, Michael Chakarun, Tom Shaner, Glenda Smith, Renee Eymann, Lisa Schroeder, Phil Skinner, and Adrienne Yates.

Guests: Canyon County Assessor Brian Stender  
Idaho Attorney General Division Chief Kay Christensen

**Public Session**

Commissioner Janet Moyle convened the open meeting and welcomed all those in attendance.

**Presentation of Certificates of Service**

Roxanne Lopez, Human Resources Officer, acknowledged the employees receiving a Certificate of Service. Mrs. Lopez stated how much their combined total of 20 years of state service is appreciated. The Certificate of Service recipients in attendance were: Justyn Amick, IT Systems Security Analyst, Senior, Cyber Security, Liaison & Operations – 5 years; and Sherry Caito, Office Specialist 2, Initial Operations – 10 years.

The Certificate of Service recipient not in attendance was: Karen Dunn, Program Specialist, Management Automation Support – 5 years. She will receive her certificate at a later time.

The Commissioners expressed their congratulations to all the recipients and how much they appreciate all of their hard work.

**Business Requiring Vote of the Commission**

Minutes: Open Meetings – November 14, 2018

Commissioner Werk moved to approve the minutes of the open meeting held on November 14, 2018. Commissioner Katsilometes seconded the motion. There were no comments or amendments. All voted in the affirmative and the minutes were approved.

Idaho Economic Estimates Commission Letter – December 7, 2018

Commissioner Roberts moved to approve Idaho estimated personal income for FY 2020 be set at 81.477 billion, from the Economic Estimates Commission meeting held on December 3, 2018. Commissioner Werk seconded the motion. All voted in the affirmative and the estimation was approved.

Resolution No. 18-10 – Idaho State Tax Commission 2019 Property Tax Proposed Rules

Alan Dornfest presented the staff recommendations for amendments to proposed Property Tax Rule 802, Volume 18-9, pages 363-369 in Resolution No. 18-10. Mr. Dornfest went through the rule and amendments, where he made note that the rule pertains to the new construction roll. The purpose of the new construction roll is to generate additional budget capacity for taxing districts. The first substantive change to the proposed rule is on page 3 in section 02, subsection E. This subsection of the rule was added to identify which year's new construction roll is adjusted as required in HB559. The second change is on page 06 subsection A. This change resolves a conflict between two statutes, allowing new construction to be included on loss of the exemption provided in 63-602NN, provided the property was not in an urban renewal area when the exemption was granted. The third change is in the same section of page 06 subsection E. Legal review found that there was insufficient statutory guidance to provide for value increases related to change of land use within urban renewal areas to be added to the new construction roll. Therefore, staff recommended that the subsection be stricken. The Commission approved the resolution deleting this subsection. Mr. Dornfest stood for questions upon which several discussions went on between Commissioner Werk, and Commissioner Katsilometes.

Commissioner Katsilometes moved to approve Resolution No. 18-10. Commissioner Roberts seconded the motion.

Additional comments regarding the statutory compliance and how the changes to the rule came about were made by Commissioner Roberts, Commissioner Katsilometes, Commissioner Werk, Commissioner Moyle, and Mr. Stender. With the conclusion that commission can only create rules that are allowed by statute.

All voted in the affirmative and Resolution No. 18-10 was approved.

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

**Administrative Reports**

Collection, Debbie Coulson

Mrs. Coulson reported that the Pocatello office relocation has a tentative move date of January 10<sup>th</sup> and 11<sup>th</sup> and open in our new location on January 14<sup>th</sup>. Secretary of State's XML Project. This project affects our Lien process. The original "Go Live" date was December 3<sup>rd</sup>. The "Go Live" date is now scheduled for February 4<sup>th</sup> which is Super Bowl weekend. The test environment will be available to us on December 17<sup>th</sup>. Collection continues to struggle to fill our vacant positions. Collection has 9 vacancies as of November 28<sup>th</sup>. Recoveries YTD are, \$57,599,676.75. This is an increase of \$5,541,803.38 over last year. Mrs. Coulson stood for questions.

Commissioner Katsilometes inquired about the Pocatello office opening. Commissioner Werk inquired on the turnover in positions. Mrs. Coulson reported the turnover was impacted by getting enough people on the register and getting them into the position. Commissioner Roberts and Mrs. Lopez commented about the changeover in the state application process and the impact it has had on Tax Commission vacancies.

### Revenue Operations, John Bernasconi

Mr. Bernasconi reported returns and refunds. As of last Saturday, 875,536 individual income tax returns were processed, 576 more than what was projected. Which is 3.5% up from last year. 83% were filed electronically and 17% were filed by paper, which has been consistent for the last couple of years. Refunds issued are 600,965 for individual income tax. 68% of all returns filed are refund returns, almost 7 out of 10 returns filed are refund returns. There is an anticipation of a decrease in refund returns for next year. Mr. Bernasconi stood for questions.

Commissioner Katsilometes asked about the need to keep printing tax forms. The response is that there will still be a need, and as the printing reduces it creates a shift in workload. 12,000 paper returns were received. This year we printed 22,000 booklets at an approximate cost of \$22,000. The shift in duties will be from mail openers to return processors. Mr. Poppler noted another shift would be from printing to educating taxpayers. Mr. Bernasconi noted that 3 years ago the printed amounts went from 150,000 to 75,000, and later shredded six pallets which lead to printing in house as compared to using a vendor. Now booklets are only sent to those who previously filed a paper return and printing on demand has helped decrease costs.

Commissioner Roberts inquired about the comparison on tax preparers who use electronic means to file and to those who use paper. Mr. Shaner noted that some online tax filing applications charge a fee to file state tax returns as compared to federal tax returns. Mr. Bernasconi replied, that most paper returns come from those who file business paper returns. Mr. Stender suggested using online payment application to receive payments [852 payments]. Mr. Bernasconi would look into the TAP (Taxpayer Access Point) to see if it can receive 852 payments. In response to Commissioner Roberts question on paper returns: 146,872 paper returns filed, of those paper returns 52,614 were filed by preparers.

### Management Services, Mark Poppler

Mr. Poppler reported on paying the counties the first half of payments for circuit breaker and personal property reduction benefits. So, about \$18 million to be paid to the counties is to be mailed by December 20<sup>th</sup>. All vacancies in management services have been filled. Glenda Smith is a member of the LUMA project evaluation team. The lease extension for the Boise office is officially signed.

Mr. Poppler stood for questions. Mr. Dornfest inquired to the contact for the county payments and to share this with the property division.

### Public Information and Taxpayer Resources, Mark Warbis

Mr. Warbis reported that the Taxpayer Resources Unit (TRU) is preparing a multimedia taxpayer awareness campaign on the need to use the W-4 worksheet in calculating employee updates to individual income tax withholding. TRU also is preparing for the commissioners' legislative outreach tour during the week of December 10. All of TRU's Tax Policy staff and Education and Outreach manager Ms. Schroeder attended the Associated Taxpayers of Idaho's annual conference on Wednesday, December 5<sup>th</sup>. Public information officer Ms. Eymann assisted Chairman Roberts in developing his presentation to new legislators in their orientation process and now is focused on finalizing ISTC's annual report. Tax Policy manager Mr. Shaner was engaged during the week of December 3 with work on Idaho's Multistate Tax Committee. Mr. Warbis stood for questions.

Commissioner Werk remarked on the process and importance of the legislative tour.

Tax Appeals, Michael Chakarun

Mr. Chakarun had no report

Audit Division, Randy Tilley

Mr. Tilley brought greetings from the Chinden campus and said they had a very successful move. Mr. Tilley complimented the Audit staff, Management services and IT for their efforts in the move. Audit is down approximately 500 audits for the month of November and the recoveries are stable. The completion rates are expected to increase next month as the Division resumes normal operations. The Division is experiencing some vacancies. Mr. Tilley stood for questions.

Commissioner Moyle, Commissioner Roberts and Commissioner Katsilometes congratulated the Division and additional areas for their efforts in the move, Kudos to all and Mr. Tilley. Commissioner Roberts inquired about the employees and Commissioner Katsilometes inquired about how the tobacco audit area may be changed. Mr. Tilley and the Bureau Chief are looking into the audit process to improve how tobacco audits are viewed and how the position can become more competitive to reach an auditor 3 level or above.

Human Resources, Roxanne Lopez

Mrs. Lopez had no report.

Property Tax Division, County Support, Steve Fiscus

Mr. Fiscus had no report.

Information Technology, Terry Ford

Ms. Ford reported that on September 28<sup>th</sup>, it was determined the Audit Division and the Print Center needed to temporarily move from Park Blvd to Building 8 located on the Chinden Campus. Badges and access into Building 8 were granted on November 13<sup>th</sup>. The vendors and state Information Technology Services completed the first Fiber installation and Internet Connectivity the afternoon of November 21<sup>st</sup> with 100Mb bandwidth. Once connectivity was verified by the Tax Commission IT team, they started working to complete the configurations required. The first printer was moved from the Print Center to the Chinden Campus on November 26<sup>th</sup>. Once connectivity and functionality were verified, the second and last printer was moved. On November 28<sup>th</sup> at 1:30pm the state Information Technology Services migrated the bandwidth from 100Mb to 1Gb. The Audit Division move started the very next day, late in the afternoon and into the evening of November 29<sup>th</sup>. With all Tax Commission IT staff, 2 contractors and Ryan from HR; there were 28 people in total to prepare all the technologies (desktops, laptops, monitors, docking stations, phones, etc.) for the movers. Friday, mid-morning the first load of technical hardware was delivered to the Chinden Campus and approximately 152 desk technologies were setup and configured on the pre-assigned desks for the Audit Division by 21 people. Thanks to everyone we completed 3 hours ahead of schedule on Thursday night. And because of those same people, we finished setting up the desks at Chinden on Friday a full day ahead of schedule. All while supporting the ongoing projects, locations and employees that were not moving. Ms. Ford personally thanked the Commissioners, ELT, Justine Weaver, Audit, Celin Adams, Kevin Voss, Valerie Clark, Ryan Beus and everyone on the best IT team (in the world) for their hard work, long hours and incredible efforts. Despite the condensed time available to complete the project, this move was successful with few issues. Based on the experience, lessons learned have been compiled and will be utilized to assist in the agencies move to Building 2 at the Chinden Campus next year. Ms. Ford stood for questions.

Commissioners thanked Ms. Ford for her leadership through this move.

There were no more Administrative reports.

### **Reports on Rules Committees**

There were no Rules Committee reports.

### **Other Business**

There were no items of other business.

### **Public Comments**

Commissioner Werk asked if the guests in attendance had any comments.

There were no public comments.

### **Executive Session**

Commissioner Katsilometes moved to go into 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. A roll call vote was taken by Adrienne Yates, Administrative Assistant and Commissioners Roberts, Moyle, 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 Werk moved to adjourn. Commissioner Roberts seconded the motion. All voted in the affirmative and the meeting adjourned.

Adrienne Yates

Janet Moyle