

# IDAHO STATE TAX COMMISSION

## COMMISSIONERS' OPEN MEETING MINUTES OF MEETING DECEMBER 18, 2017

In attendance: Commissioners Ken A. Roberts, Tom Katsilometes, and Elliot S. Werk, Mark Poppler, Debbie Coulson, Steve Fiscus, Michael Chakarun, John Bernasconi, Randy Tilley, Doreen Warren, Chuck Pond, Tom Shaner, Renee Eymann, James Pendergrass, Glenda Smith, Phil Skinner, and Kelly Martinez.

Guests: ISCPA Executive Director Laura Lantz

### **Public Session**

Commissioner Elliot Werk convened the open meeting and welcomed all those in attendance.

### **Presentation of Certificates of Service**

James Pendergrass, Human Resources Performance Development Specialist, acknowledged the employees receiving a Certificate of Service. Mr. Pendergrass stated how much their combined total of 30 years of state service is appreciated. The Certificate of Service recipients not in attendance were: Robert Rios, Tax Appraiser, Consulting, Twin Falls Field Office – 10 years; and Keven Griffin, Tax Audit Manager, Sales Tax Audit – 20 years. They will receive their certificates later.

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 Meeting – November 3, November 20 and November 30, 2017

Commissioner Roberts moved to approve the minutes of the open meetings held on November 3, 2017 and November 20, 2017, as well as the Economic Estimates Commission meeting held on November 30, 2017. Commissioner Katsilometes seconded the motion. There were no comments or amendments. All voted in the affirmative and the minutes of the open meetings held on November 3, 2017, November 20, 2017, and the Economic Estimates Commission meeting held on November 30, 2017 were approved.

#### Estimated Personal income for Fiscal year 2019

Commissioner Werk recommended the Estimated Personal Income for Fiscal Year 2019 for adoption by the Tax Commission. Idaho Code section 67-6801, enacted by the 1980 Legislature, designated the State Tax Commission as an Economic Estimates Commission (EEC). As such, the State Tax Commission is responsible for determining and publishing, prior to January 1 of each year, the estimated Idaho Personal Income for the following Fiscal Year.

The Economic Estimates Commission met on November 30, 2017, and consulted with Derek Santos, Division of Financial Management; Dr. Donald Holley, Boise State University; Dr. Scott Benson, Idaho State University; Dr. Don Reading, Ben Johnson Associates, Inc.; Garth Taylor, University of Idaho; Salvador Vazquez, Idaho Department of Labor; and Jordan Prassinis, Idaho Power. Based on discussions with these individuals, coupled with a review of the data

presented at the meeting, Commissioner Roberts moved that the Commission adopt \$74,354,626,000 as the dollar amount of Estimated Idaho Personal Income for Fiscal Year 2019. The motion was seconded by Commissioner Katsilometes. All voted in the affirmative and \$74,354,626,000 was adopted as the Estimated Idaho Personal Income for Fiscal Year 2019.

Commissioner Roberts thanked everyone that was involved in submitting data to the Commission. Mr. Steve Fiscus asked what the range of estimates were at the Economic Estimates Commission meeting. Commissioner Roberts said the high estimate was from Dr. Don Holley with \$75.586 billion and the lowest was from Dr. Don Reading with \$73.290 billion.

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

### **Administrative Reports**

#### Collection, Debbie Coulson

Debbie Coulson reported that they are currently in the process of renewing leases for the Twin Falls and Coeur d'Alene field offices and they will be requesting improvements to secure the front counters. Ms. Coulson said they have also completed a Request for Proposals (RFP) for the Pocatello field office. The RFP closes on January 12, 2018 and includes security measures.

Ms. Coulson said they have a meeting with the Ada County Sheriff's Office and the Idaho State Police on December 21 to discuss the absence of Civil Standby in Boise city limits. Ms. Coulson also reported that year to date collection recoveries total \$52,057,873 and that is an increase of \$4,949,627 over last year's totals. They have closed 45,432 collection cases year to date with a total of 38,401 cases created. Finally, Ms. Coulson reported that Phone Power has handled 99,393 phone calls for the 2017 calendar year through November 30. Commissioner Werk said there were issues with the auto-dialer from phone power in the past and asked if that has been taken care of. Ms. Coulson said the previous auto-dialer did have a lot of issues, but since they have converted to a new phone system they have had a limited number of issues. Commissioner Katsilometes asked what the number of calls was last year. Ms. Coulson said the total calls for last year was 124,000 but that was when phone power was assisting TPS, this year the number reflects strictly collection calls.

#### Public Information Director, Taxpayer Resources, Doreen Warren

Doreen Warren had no report.

#### Revenue Operations, John Bernasconi

John Bernasconi reported they have processed 846,271 Individual Income Tax (IIT) returns through December 9, which is an increase of 1.43% over last year. Paper returns are down 2% from 150,000 to 147,000 while electronically filed returns are at 698,000 compared to 683,000 last year - a 2.21% increase. Mr. Bernasconi reported they have issued 587,107 refunds for a total amount of \$336,317,557. There are no temporary employees on board right now, however they are aggressively seeking to hire them for the upcoming tax drive. There are about 1,000 IIT non-timely returns that are waiting to be keyed and uploaded. They want to have everything done by the end of this week so that 1099Gs will generate properly.

Mr. Bernasconi said they will be printing the IIT booklets in-house this year and have printed about 11,000 so far. They are anticipating printing 23,000 booklets in comparison to the minimum order of 75,000 we had to submit last year to have them printed. He noted that last year about six pallets ended up being shredded that didn't need to be printed. Commissioner Roberts gave kudos to staff that printed the booklets saying they look great and are very good quality. Commissioner Werk asked if the CD of tax forms is still being produced and sent out. Mr. Bernasconi said the CD that

contains all of the forms and instructions will still be made available, however he anticipates three to five being made this year instead of 500. Mr. Bernasconi also said, as always, the information is available online.

Management Services, Mark Poppler

Mark Poppler reported that the current lease for the Pocatello field office expires in March of 2019, so there should be plenty of time to get that accomplished. He also brought one of the IIT packets, which are now printed with our new machines installed last fall. These machines have new software that allow us to do these print jobs and save the jobs for reprinting. Mr. Poppler noted that last year we spent \$35,000 printing those packets through an outside company so it was disappointing to have to recycle so many.

Mr. Poppler reported that the International Fuels Tax Agreement (IFTA) audit (f our internal processes) results came back completely in compliance with no findings. He said this agreement allows truckers to go across state lines and only file one return for their base jurisdiction state. There are 18 areas that they audit and we are audited every five years.

Mr. Poppler said the JFAC budget presentation is scheduled for January 18. The Windows 10 conversion is on schedule and the Twin Falls field office has been converted to Windows 10.

Tax Appeals Manager, Michael Chakarun

Michael Chakarun had no report.

Audit Division, Randy Tilley

Randy Tilley reported they have completed 8,506 audits through the end of November, which is up 900 cases from the same period last year. The automation of CP2000 cases is the primary driver for that increase, but they are seeing solid increases in the income tax audit and sales tax audit areas. He reported that recoveries are down from the same period last year to \$16.2 million but last year they resolved several very large multistate income tax audits. The division is working on using information on audit stages to better manage caseload resolution times. Over the last few weeks, they have reviewed all of the cases that have exceeded our guidelines for duration and stage and supervisors are working with staff to move those cases to completion.

Mr. Tilley reported the fraud team has been meeting to finalize identification verification letters for the upcoming tax season. The team has also reviewed identification verification quiz questions to improve the ease of reading and increase the responses. They are getting ready to bring on their tax drive temporary employee to assist in document reviews in February. There have not been any significant changes in the number of fraudulent returns; they are still at 312 total fraudulent returns identified for a total of \$523,351. Over the last week, they have sent out approximately 37 additional letters for returns that have been trickling in. There are still a substantial amount of returns that they have not received identification verification on so they have moved their offsets up significantly from past years. Commissioner Roberts said this is the second year we have done identification verification, so are we keeping those years separate when tracking those returns. Mr. Tilley said yes, they are.

Property Tax Division Administrator, County Support, Steve Fiscus

Steve Fiscus reported they are working on annexations in their GIS department; this is the time of year when cities and taxing districts have completed their annexations for the year and submit them to the Tax Commission. Mr. Fiscus said those are reviewed and sent back for any corrections needed. They have also been working with the rate regulated electric utility companies because in Idaho irrigation equipment is exempt from taxation. The Commissioners as the Board of Equalization calculate the irrigation exemption amount in dollars and that is applied to the tax levy of the jurisdictions which results in irrigators receiving a small rebate check. Mr. Fiscus said property taxes

are due Wednesday, December 20. He said they have started the process of converting the property tax database in Bannock County into something compatible with one of the platforms we support. Bannock County has been in the process of losing support for the system that they have operated. They have never been part of the state system. Owyhee County will be converting to the new system in March. Mr. Fiscus also asked if the Executive Leadership Team meeting will be cancelled for this week and Commissioner Werk confirmed it is cancelled.

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. Laura Lantz said as a citizen she appreciates that the Tax Commission is printing the packets in-house and the savings of recycling as well as cost. She thanked the Tax Commission for not just saying we have always done it that way so let's do it that way. Commissioner Werk said our efforts are to make sure that every taxpayer dollar that we expend is expended well and for good purpose. Commissioner Roberts said it has been a bit of an evolving process because we used to print hundreds of thousands of those, we are still in transition. Our hope is to be able to track how many are needed and over time reduce it to that number.

Mr. Fiscus asked when Commissioner Trujillo will take her seat and Commissioner Werk said she will be in the office beginning Tuesday, December 26. Commissioner Werk said the Executive Leadership Team has gone through the Plain Talk training and speaking for himself, he said it was a really awesome training. He said it changes your perspective to be able to get out of your normal viewpoint and he encourages all of our employees to take advantage of this training.

There being no further business, the meeting adjourned.

Kelly Martinez

Elliot S. Werk