

## IDAHO STATE TAX COMMISSION

### COMMISSIONERS' BUSINESS MEETING MINUTES OF MEETING NOVEMBER 16, 2021

In attendance: Chairman Jeff McCray and Commissioners Janet Moyle, Tom Katsilometes, and Jared Zwycart; John Bernasconi, Debbie Coulson, Evan Sailor, Kim Wind, Rick Mascall, Phil Skinner, Rhamona Grabenstein, Kimberlee Stratton, Tom Shaner, Eric Mahler, and Laura Lantz, Executive Director of the Idaho Society of Certified Public Accountants, were present in the room. Barbara Shelley, joined via teleconference

#### **Public Session**

Chairman McCray called the meeting to order and welcomed all those in attendance and advised that if the teleconference disconnects, we will reconnect as soon as possible.

#### **Recognition of Certificates of Service**

Chairman McCray said it is his goal to make this process as personal as possible. Given the challenges with the ongoing pandemic and large groups of people, the Commissioners will tour the divisions and personally hand out certificates beginning tomorrow at 11:00 a.m. He wants to acknowledge everyone and their years of service to the Tax Commission today and recognized the following employees for their years of service:

Tammy Bennett, Tax Compliance Officer 2, Collections/Central Office Bureau, 5 years; Kellie Mingo, Tax Compliance Officer 1, Collections/Central Office Bureau, 5 years; Ken Roberts, Taxpayer Services Representative, Taxpayer Resource Unit/Taxpayer Services, 5 years; Hank Weatherby, Tax Auditor 2, Audit/Income Tax Audit, 5 years; Rebecca Danley, Tax Audit Manager, Audit/Tax Discovery Bureau, 10 years; Laurie Davies, Technical Records Specialist 1, Audit/Tax Discovery Bureau, 15 years; Leah Shaw, Technical Records Specialist 1, Collections/Central Office Bureau, 15 years; Wes Vinsonhaler, Tax Compliance Officer 3, Collections/Central Office Bureau, 15 years; Gary Kenley, Software Engineer 1, Property Tax/Technical Support, 20 years; Krystal Skinkle, Tax Auditor 3 Audit/Coeur d'Alene Field Office, 20 years; Claire Maretka, Tax Auditor 3, Audit/Sales Tax Audit, 25 years; Rod Brevig, Tax Administration Forester, Property Tax/Property Appraisal, 35 years.

This is a combined total of 175 years' service to the state of Idaho. He thanked everyone for their dedication to the Tax Commission and noted that Property Tax is attracting many loyal followers because every business meeting, there are several Property Tax staff being recognized. Commissioner Katsilometes noted that Gary Kenley, with 20 years of service, will be retiring next month and Laurie Davies was previously the Commissioners assistant and loves the Tax Commission so much, she came back to Tax Discovery.

#### **Business requiring a vote of the Commission**

##### Minutes: Regular Business Meeting – May 25, 2021

Commissioner Moyle moved to approve the minutes of the Business Meeting held on October 5, 2021. Commissioner Katsilometes seconded the motion. There was no discussion; all commissioners voted aye, and the minutes of the Business Meeting held October 5, 2021 were approved.

##### Resolution 21-03: Pending Rules

Tom Shaner presented Resolution 21-03: Pending Rules. Mr. Shaner explained that this Resolution is for the adoption of the first two chapters to be reviewed in our 5-year plan of Zero-based Rulemaking in accordance with the Governor's initiative that all state agencies review their Administrative Rules and identify what can be reduced, cut, or simplified. This year, the Tax Commission chose to review the Administrative and Enforcement Rule and Kilowatt Hours Rules. Each year, one major rule will be paired with a smaller one and these are the first two. There were no substantive changes, but the page count was reduced by one and one-half pages by simply moving the tables and charts to the website.

Commissioner Katsilometes motioned to accept Resolution 21-03: Pending Rules. Commissioner Zwygart seconded the motion. Commissioner Moyle was recognized for comment. Commissioner Moyle noted public meetings were held and comments were addressed. There was no further discussion; all commissioners voted aye, and Resolution 21-03: Pending Rules was adopted.

#### Resolution 21-04: Proposed Rules

Mr. Shaner presented Resolution 21-04: Proposed Rules. This Resolution renews the Administrative Rules for all tax types and extends them again to allow the legislature's review during the next legislative session. Nothing was changed, but tables and examples were moved from Rule onto the website.

Chairman McCray noted the resolution presented for this meeting is not the same one that was distributed to the Commissioners last week for the purposes of this meeting and he asked what changed. Kimberlee Stratton, Rules Coordinator, was recognized to present the changes. Ms. Stratton noted the word "temporary" was removed when referring to the Rules, making the Resolution more technically correct. Commissioner Moyle asked Mr. Skinner how this will affect the rules because the rules in effect now are "temporary" and we want them to be adopted by the legislature. Mr. Skinner replied that the change isn't significant. The legal requirement is that the Commission must adopt the Rules by majority vote. The resolution itself is just to memorialize that the Commission voted on the Rules. There is no specific language that must be included.

Commissioner Moyle motioned to adopt Resolution 21-04: Proposed Rules. Commissioner Katsilometes seconded the motion. Commissioner Zwygart asked if we must strike the word "temporary" from the agenda. Chairman McCray noted "temporary" was not in the proposed motion. All Commissioners voted aye, and Resolution 21-04: Proposed Rules was adopted.

#### **Administrative Reports**

##### John Bernasconi, Chief Operating Officer

Mr. Bernasconi said the annual Gallup Employee Engagement survey is currently active and will be through the end of the week. The semi-annual employee meeting was held in October in the Chinden Campus Conference Center and he appreciates that some people were able to attend in person with many others attending virtually. The March 2022 meeting will be held from all the different Field Offices. There will be Commissioners and Administrators in each of the field offices to engage those locations; however, technology may be the biggest challenge.

Mr. Bernasconi is excited to announce that Julie Eavenson has accepted the role of Public Information Director, recently held by Mark Warbis. She comes to us from the Idaho Department of Occupational and Professional Licenses and will start November 29<sup>th</sup>. Laura Lantz, Executive Director of the Idaho Society of Certified Public Accountants (ISCPA) was recognized and commented that Ms. Eavenson will be a great asset at the Tax Commission.

Mr. Bernasconi further noted Taxpayer Services (TPS) call volumes are higher than usual so there have been some organizational changes. To facilitate more tracking and understanding around the Taxpayer Access Point (TAP) support calls, some positions and calls were shifted to TPS. They are working on solutions and procuring more licenses to allow divisions to help alleviate some of the strain on the current TPS staff. George Brown, Property Tax Division Administrator, has recommended that some employees could answer calls, take messages, and forward to those that can answer questions. It is a work in progress.

Halloween is a very fun time at the Tax Commission. Kim Wind and the Employee Engagement Committee did a tremendous job; they're all exceptional. There was a costume contest and for the first time in four years, Audit took the championship from Revenue Operations. Congratulations to Audit for a job well-done. Employee participation was at an all-time high this year. Mr. Bernasconi thanked the Employee Events Committee, the employees, and the Commissioners for participating and for the difficult job of being judges.

Chairman McCray commented that he believes it is a great idea to hold the Employee Meeting in the Field Offices. He strives to make sure the Field Offices are part of the team and this is a great way to engage those that work there. This will be a good and fun experience. Everyone understands that Taxpayer Services is an area of concern. No one wants long call wait times and taxpayers want their questions answered quickly. He is glad there is a plan to address those concerns and he is very excited that the team is coming together to offer support. Chairman McCray also thanked Ms. Lantz for her unsolicited recommendation for Ms. Eavenson.

Debbie Coulson, Interim Appeals Manager

Ms. Coulson noted that Appeals Resolution Meetings occur regularly now and comply with the Open Meeting Law. There's one scheduled for this afternoon at 1:30 p.m. and there will be another held on December 15 at 1:30 p.m.

Appeals is currently working to hire another Sales Tax Appeals Specialist. There is a bottleneck and backlog because there is currently only one Specialist. Ms. Coulson is conducting interviews November 29 and hopes to find an excellent candidate for that position.

Ms. Coulson's projects remain the same month-to-month. She continues to work with Rick Mascall, Revenue Operations Division Administrator, who has oversight of Information Technology (IT) within the Tax Commission, to help Appeals staff be able to track and report appeals case stages and adding another letter into the Appeals Manager in GenTax. Appeals staff are using GenTax more because it is a great tool and resource. She continues to encourage her staff and to get them the tools they need to be successful. This will also help her know how long cases have been in a particular stage so she can find the bottlenecks and move those cases.

Since the beginning of this fiscal year, there have been 186 Appeals cases created, 155 have closed (there will be more closed within the next 30 days), and seven cases have been appealed to the Board of Tax Appeals (BTA). There are 355 cases currently assigned to Tax Appeals Specialists and she has approximately 10 remaining to be assigned.

Ms. Coulson thanked her staff. This hasn't been an easy transition; they are not accustomed to using GenTax and she appreciates their openness to allow her to step in and help them and for their openness to making those changes. They work very hard and do a great job. She appreciates their efforts.

Commissioner Moyle said the Appeals Unit is relatively new to the Commission. Change is hard for everyone. It is tough to get into new systems and she is very proud of the team and the progress we've made. We will strive to move forward and make it even better. She is very impressed with how responsive the team has been. This is a much better process for the taxpayers of Idaho than what we've had in the past.

Ms. Lantz was recognized and asked what the Appeals Resolution Meetings look like because there is a great deal of confidential information. Ms. Coulson responded that each docket is redacted, and a quick summary is presented after the Commissioners have had an opportunity to review each of the cases prior to the meeting. People are welcome to attend, but there is no interaction.

Evan Sailor, Collection Division Administrator

Mr. Sailor reported that the Collection Business Analyst currently has 29 development SQRs (the tracking system for process improvements) open in GenTax with 10 of those currently in user testing. The FAST Service Pack is currently scheduled for testing on December 4, with an anticipated live delivery on December 6. Two of the larger projects include the X9/E-Levy Process, which are the bank levies with Chase Bank, US Bank and Bank of America; and Collection is also moving forward on the responsible party due process automation. Additionally, they've completed projects that will help staff be more efficient with taxpayers, including no longer requiring a login for the Taxpayer Access Portal (TAP) Penalty Agreement, the International Fuel Tax Association (IFTA) due process letters have been automated, as have the Temporary Sellers Permits, and they've developed work queues for staff.

As of November 12, for FY2022, they've created 36,795 cases and have closed 58,894. As of November 15, the open assigned case total is 45,849 and as of November 12, they've recovered \$93,604,000 and estimate they will collect over \$240,000,000; in FY21, that total was \$180,000,000, for comparison. The TAP Penalty Agreements, focused solely on individual income tax, is 8,079 payment plans upon which they've collected almost \$5,000,000 and there is still a current balance due of \$12,999,000.

The formal training program continues to move forward. Training Specialist Lynn Howard and Shellie Johnson have added six new components to their training program for in-service and new-hire Compliance Officer 1 staff. Other accomplishments include identifying the subject matter expert (SME) positions in Collection Division and assigning backups for those specific topics for succession planning and continuity of operations.

Mike Tobias, Idaho Falls Field Office Manager, presented at the Western States Association of Tax Administrators (WSATA) about the impact of the pandemic on collection, and he presented the training updates for Lynn Howard who was unable to attend the conference. Mr. Tobias also recognized some concerns in Revenue Operations and recommended that Collection staff volunteer to help process withholding payments. He gathered 13 volunteers to help, and they began on November 4. As of November 15, they'd processed 1,728 payments. Mr. Sailor thanked the staff in recognizing that the bigger team is the Tax Commission, not just Collections.

Collection continues recruiting for nine vacant Compliance Officer 1 positions in the Boise office, and a Technical Records Specialist 1, a Technical Records Specialist 2, and a Compliance Officer 2 position in the Pocatello office. They've hired three Compliance Officer 1 staff that have begun work in the Boise office, and one Compliance Officer 1 in the Pocatello office who started on November 15. There are more interviews on November 19. Mr. Sailor congratulated individuals receiving promotions from Compliance Officer 1 to Compliance Officer 2: Sally Kirkpatrick in Pocatello; Caitlynn Traxler and Goran Harba in Boise; and Brittany Westlund in Twin Falls.

Commissioner Moyle thanked Mr. Sailor, noting the differences in the amounts collected this year compared to last. She appreciates their work and the ability to step in and help where necessary. Chairman McCray echoed Commissioner Moyle's comments saying the number of cases closed and revenue collected, considering the staffing challenges they've faced, is outstanding. He further applauded the decision to have backups for the subject matter experts. It is a great opportunity for people to grow and develop within the agency.

#### Rick Mascall, Revenue Operations Administrator

Mr. Mascall reported they've processed over 1,084,000 returns which is about 50,000 more than normal. This includes about 969,000 individual income tax returns and 115,000 business income tax returns. The increased number of returns has shown an increased number of electronic filings, which are easier to process. Approximately 88% of the individual tax returns filed are electronic and he expects that to be consistent into the next filing season. They've now processed about 505,000 refunds for \$224,000,000, with an average of about \$445 per return. There are over 656,000 rebates totaling over \$171,000,000 with an average of about \$261 per rebate issued.

Processing continues to be a challenge this year due to the increased volumes just mentioned and because of attrition in Revenue Operations, including some planned retirements and some that have left for personal reasons – including better wages. They've also experienced low recruitment, especially for seasonal employees. That is partially due to the reduced numbers of hours per year that a seasonal employee can work. Because of the IRS delays, the division had to spread seasonal employees out to cover the year created a backlog in the system. Many seasonal employees will return for the next tax season and that is good because it requires less training. Generally, by this time of year, Revenue Operations begins testing for the coming year, so he very much appreciates Mike Tobias and those volunteers that have stepped in to help with the withholding volumes. That

allows Revenue Operations to focus their efforts into other areas to help clear that backlog. Besides the field office support, Revenue Operations staff have been working overtime to help clear the backlog before the end of the year so everyone can be ready to start processing the next year.

Mr. Mascall discussed the configuration of the systems for this coming year saying things are progressing, but there have been challenges. There were changes to the IRS schedule which complicated things, but they've been able to catch up a little and are in testing right now. One of the initiatives with the configuration this year was to eliminate as many redundancies as possible and to automate as many things as possible. They've released packages to the software providers so they can begin their testing process and he expects that to be completed by the end of this year.

The FAST-Hosting Services project has been unable to get past supply chain issues. Syringa is the primary circuit provider for the connection to Denver, but there have been challenges with authentication issues. There is no date yet for connection. There have also been issues with the secondary provider, Lumen. The team is exploring VPN connections that will help. The regular updates with GenTax are on track.

Revenue Operations continues to recruit for open positions. The IT group now falls under Revenue Operations and over the past two weeks, they've lost two developers and Mr. Mascall is actively recruiting to fill those positions. Central Processing, those that receive the mail, has three vacancies and the Coordination and Design team has two vacancies for which they are also recruiting.

Commissioner Moyle noted Mr. Mascall's team was hit with several things over this last year and with everyone's help, came through. There is a bit of backlog, but other states are worse, and she is very impressed with where we are; she thanked him and his team for their efforts over the last couple of years. Chairman McCray thanked Commissioner Moyle for her comments and added his appreciation saying he is glad the tax year system configuration is going so well.

Mr. Mascall added that they have received feedback from CPAs and taxpayers about the appearance that penalty and interest payments had not been received. They've researched the issues and it's apparently a known issue having to do with the way the system is configured: it doesn't recognize when the payment came in with a return. A short-term fix involves figuring out how many people are currently in the system, but it's a manual process. The long-term solution is to configure the program to move the penalty and interest configuration to the financial engine instead of where it is, which is what causes the incorrect calculation. He wanted to mention this so that everyone knows it's a "known problem" they are working to correct. Commissioner Moyle asked Ms. Lantz to pass that information on to those that need to know. Ms. Lantz said those that brought it to her attention reported that communication has been very good with the Tax Commission and she thanked Mr. Mascall for the attention. It gives her people peace of mind to know that something is being done to correct the issue.

Commissioner Moyle asked Mr. Mascall if our software engineers could ask FAST to help. Mr. Mascall said it is an option; however, there are downsides to bringing in consultants because of the loss of institutional knowledge.

#### Kim Wind, Audit Division Administrator

Ms. Wind reported that as of October 30, there are 66 open SQRs, but the ideas for improvement of Audit continue to flow and over the last couple of years, they've been using GenTax more. They continue to prioritize the work to minimize the impact on IT staff.

The Examination Operational Automation Database (EOAD) is a federal system that tracks results as part of IRS audit activities. The EOAD/Single Year Nonfiler has been on the strategic plan for a year and a half with a due date of December 31, but it has been delayed by at least two weeks. They still hope to get the resources to be able to meet the deadline.

Fraud statistics indicate the recovery rebate is responsible for 43% of the fraud they're seeing. Comparing October 29, 2021 and October 20, 2020, the fraud is \$2.3 million this year compared to last year's total of \$359,000. That increase is due, in large part, to the rebates. Identity theft is \$1 million this year compared to \$1.5 million last year, with the same number of returns (280 this year and 289 last year). The team is always looking and doing a great job of seeing what's coming next.

The criminal cases have been very slow, but they are very excited about an embezzlement case: false returns were being filed in Twin Falls. The prosecutor called and relayed that there was a guilty plea with probation ordered. There will be a restitution hearing held December 1, 2021. This case has taken a while to resolve due to COVID.

They've closed 6,461 audits this year compared to 5,269 last year. The recoveries are down by about \$2 million compared to last year and part of that difference is multistate cases. There is a new Bureau Chief, Greg Busmann, and he has a plan, working with Amber Ortiz, to move those audits along.

Audit Division continues their recruitment efforts. Aaron Butikofer was hired to replace Greg Busmann as the Tax Audit Manager. He's in the Pocatello Field Office. They've hired Monica Smith as a Technical Records Specialist 1, Leah Parsons as a Tax Auditor 4, Elizabeth Williams as a new Program Specialist, and Lori Dillon was promoted from a Technical Records Specialist 1 to a Technical Records Specialist 2. Ms. Wind thanked Maggie Martinez, Human Resource Specialist, Sr. for all the work she's done to help Audit recruitment efforts. Last week, they were able to meet at Boise State University with Beta Alpha Psi and there were 50 people (a teacher offered extra credit to show up). This was an event specifically for government agencies; the State Controller's Office and the Department of Fish and Game were there, and they were collectively able to answer the questions about, "why government employment"? and the Public Employee Retirement System of Idaho (PERSI). Ms. Martinez, Rebecca Danley, and Billie Pierson all went. It was a great representation of the agency.

Mr. Bernasconi was recognized and asked Ms. Wind to talk about the decision to have the Tax Audit Manager role, which has historically only been in Boise, move to a Field Office. Ms. Wind said when she took the Division Manager position, she asked why there weren't any Audit Managers in a Field Office, because they'd previously had them there. With technology, and computer streamlining, they don't have to be in Boise for 6 – 12 months of training, which is very hard on a new employee. They've shifted how they train new employees for Field Offices (Microsoft Teams has been wonderful) and she never heard a good reason for not having Audit Managers in the Field Offices. The Managers in Boise must still travel to the Field Offices, though, and when she reviewed the costs, it was almost the same. There are great people in the Field Office and Mr. Butikofer has the potential to be a great manager.

Ms. Wind is very proud of the Audit Division, and she is very impressed with the relationship between Audit staff and Revenue Operations staff. She was excited with the level of participation for the Halloween Event this year. She was proud that even those staff that seldom participate did and it was just a huge win. Ms. Wind recognized Rose Calico, Jillian Cobler and Laura Wensman for all the planning and coordination they did to make this event successful.

Commissioner Moyle thanked Ms. Wind for doing hiring an Audit Manager in a Field Office. She also thanked her for the Halloween Event. Chairman McCray also commented on the Halloween participation saying it was a wholehearted event and even the Field Offices had greater participation. He also commented on the multistate audits and thanked Ms. Wind for putting that plan together. It is important to continue that work. Chairman McCray also said he appreciates the recruitment efforts. Recruitment isn't just an HR function; it involves us all. Relationships are key. He's learned over the years that the best hires are those with whom you have a connection, whether that's through clubs, schools, or activities through which you receive referrals. That all lends to attracting good employees, and to helping people understand there is more to a career than just the pay. He thanked her for doing that and he encourages other divisions to participate, to provide the development

opportunity for people, and to promote the mission and the purpose we serve. He thanked Ms. Martinez for organizing that because it is outside the normal recruiting effort.

Lisa Kopke, Financial Executive Officer

Ms. Kopke said she is honored to be the new Financial Executive Officer. She oversees the Management Services Department, comprised of purchasing, procurement, accounts payable, revenue recognition and distribution, contracts, and budget.

They've been working on several projects over the last few months. The purchasing department has been working on Field Office security enhancements. Those projects will include additional security cameras and bulletproof glass at the front counters to make safety a priority for staff. Purchasing also is working on a help ticket solution for internal purposes. The goal is to have a more efficient and systematic method to request cubicle changes, purchases, and to fulfill employee needs while monitoring spending. This will also allow us to align with sister agencies because they are the providers of the services, and we need to all be on the same page.

Revenue Accounts is currently developing a solution for estimating taxes receivable. The result will provide a more unified and all-encompassing method for forecasting taxes receivable, which is part of the annual closing package process for the Legislative Services Office (LSO).

All of Management Services will soon begin LUMA system integration testing (SIT) phase 3 and the forms, reports, integrations, conversions, and enhancements (FRICE) testing. That testing should be completed by the end of March. We are one of the main agencies that handles revenue for the state of Idaho, so they will be spending a great deal of time on this project. Shortly thereafter, the entire agency will begin User Acceptance Testing which should be completed by the end of May. LUMA should go live on July 1, 2022.

Ms. Kopke reported on legislative distributions: two of the biggest projects they worked on this year were House Bill (HB) 380, the rebate program for the Governor's office, and HB 362, the changes to the sales tax distribution for transportation. They continue to send tax rebates for HB 380 and as of October 31, 78% of the rebate fund had been expended. They've sent over 684,000 rebates totaling \$177.9 million. That number has dwindled since the filing season ended, but they are still sending about 1,000 – 2,000 rebates per week. Ms. Kopke thanked the hard-working staff at the State Controller's Office and the State Treasurer's Office for their help on this project as it has been a team effort. The average monthly distribution for HB 362 has been just over \$9 million which far exceeded expectations. Fiscal year-to-date distributions to the Idaho Transportation Department through October 31 is \$36.75 million, or about 46% of the \$80 million cap. When the \$80 million cap is reached, they will begin processing payments to the local highway fund and anticipate beginning that April 1<sup>st</sup> with the March revenue.

The October receipts and accruals to the General Fund are \$409.7 million, up 22.79% over October last year. The fiscal year to date receipts and accruals to the General Fund are \$1.583 billion, up 12.88% over the same period last year. To provide context, the top three revenue-producing tax types that attribute to the General Fund are: 36% individual income tax, 6% corporate income tax, and 47% sales tax.

As of October 31, we've expended 32.6% of our personnel budget. We continue to see salary savings of approximately \$60,000 per pay period but as everyone has mentioned, there are 30 vacant positions that are currently in recruitment. We've expended 29.1% of our operating budget, but between now and June, we expect another 65% to be absorbed by large expenses for which we've not yet received invoices. We've expended 71% of the capital outlay budget; however, with understaffing and world-wide shipping delays, products have been difficult to find. Purchasing continues exploring ways to navigate these issues.

Ms. Kopke thanked the hard working and understaffed accounting department. Even being shorthanded over the past several months, they've managed to process over 315,000 incoming electronic credit/debit payments

for a total of \$1.7 billion. She also thanked the purchasing department. They've finished the push to pivot staff from desktops to laptops to help the agency accommodate telecommuting needs.

Management Services currently has three vacant positions; two Financial Specialist, Sr. positions are in recruitment. She has a new position that just opened in the purchasing department due to a recent and much-deserved retirement. They are also reviewing other avenues to recruit applicants.

Commissioner Katsilometes asked where the Field Office security enhancements are to be installed. Ms. Kopke said in the Lewiston and Twin Falls Offices. Commissioner Katsilometes asked if that wasn't supposed to have happened when the office was built. Chairman McCray recognized Ms. Coulson who said the field offices all have ballistic sheetrock and glass at the front counters except for Lewiston. They also all have security camera systems but those are running into end-of-life and must be replaced. Twin Falls only needs updated security cameras. Commissioner Moyle said she thought the security and safety updates for the Field Offices were a line item in the legislature's budget. Ms. Coulson said the Lewiston office upgrade was in the budget, but the work wasn't completed because of the required 5% holdback last year.

Chairman McCray asked if Ms. Kopke will have the manpower to complete the LUMA testing she mentioned. Ms. Kopke said she will be short. If the two Financial Specialist, Sr. positions are filled, that will help. She is reviewing the needs of the purchasing department. She expects to need the current vacancy filled and to add a new position. Chairman McCray thanked Ms. Kopke for recognizing the State Controller's Office staff. They were a huge part of processing all the rebates.

#### Rhamona Grabenstein, Human Resource Officer

Ms. Grabenstein reported on the staffing challenges. She thanked Ms. Wind for her recognition of Ms. Martinez and the Human Resource (HR) team in all they are trying to do. One of the strategic initiatives, to retain, develop and recruit great people, was to implement a comprehensive hiring plan. The committee met for the first time on November 1 and will meet again on November 17. They've recognized the need to network and recruit in a way that builds connections. More staff will be pulled into recruitment efforts because it is more than just an HR responsibility, and clearly everyone is feeling that. She is grateful for the help they've received and looks forward to the continued support in these efforts.

As mentioned earlier, there are 30 vacant positions; however, there are also five additional positions in a current stage of recruitment for people who have submitted resignations or retirements and haven't yet left the agency; there are five positions that are not currently in any stage of recruitment. In alignment with strategy, we also will explore ways to retain employees and transfer knowledge. She has a projected retirement report indicating there are 21 employees who could retire at any time, so she asked everyone to be mindful of retention, as well as recruitment efforts, as that is also part of the strategic plan.

Since the beginning of this fiscal year, the agency has hired 60 people into the agency; 27 of those hires were for some stage of the tax season and were spaced out to handle the 2020 filing season. We are once again preparing to hire seasonal employees for the 2021 filing season. There will be a more focused effort and a focus on employees' family members. Ms. Grabenstein is asking the Division of Human Resources (DHR) for permission to open a request for all state agencies: if current staff have a family member 16 years of age or older interested in part time seasonal work for the tax season, the Tax Commission will consider them for employment.

Ms. Grabenstein thanked all leaders for navigating phone calls and getting people to HR that have COVID-related situations. Since July 1, when tracking restarted, through November 9, there were 28 positive employees' tests. HR staff have spoken to 128 employees about COVID to help them understand the Center for Disease Control (CDC) guidance. Leaders are referring employees to HR and working with HR when the employee must quarantine on short notice. She's very impressed with the synergy of trying to keep all our employees safe as it relates to COVID.



LUMA Phase II, as Ms. Kopke mentioned, has begun. Maggie Martinez is representing Tax HR in this phase of LUMA and has been participating since October to develop the Business Process Review and Design. That team is mapping out responsibilities so they can begin configuration of the HR piece that will be called INFOR. The proposed functionality of this system will offer more tools for employees and leaders. It is nice to see the communication and effort they are putting into building it right from the beginning.

The HR Modernization effort, where the HR employees from all state agencies report directly to DHR, is still on track. They are partnering with Human Resource Officers (HROs) across the state to determine what agencies need and how to make this successful.

Ms. Grabenstein thanked Shelli Boggie who has begun the first Hire to Retire session on recruitment as part of our strategic alignment. Ms. Boggie reported that this first session is full indicating this was clearly a need within the agency and the Leaders have responded in great ways. There will be another session tomorrow for those that weren't able to attend today. Ms. Wind and Ms. Grabenstein are on schedule to complete the Emotional Intelligence Trainer Certification by the end of November, and they want to have that launched for all interested employees in January. The Leadership Series Champions met on November 10. These are the individuals that attended the Leadership Series training with Dr. Mindi Anderson. This group will Champion an ongoing Leadership Series at the Tax Commission. They expect to schedule the first group in January.

Ms. Grabenstein said the Employee Events Committee has coordinated group seats for a hockey game on December 10. She encouraged everyone to attend. Audit also plans several activities to augment the Holiday Party including Secret Santa, Cubicle Decorating, etc. Ms. Wind has agreed to share this agency wide, so everyone has an opportunity to participate. Ms. Grabenstein thanked Audit, the Employee Events Committee, and Ms. Wind for opening those activities up beyond Audit.

Commissioner Moyle said, in talking about recruitment efforts, she has a son in college who asked about an internship. She said we could design an internship that will fit the needs of our agency because there are interested college students out there. She thinks the problem is that we don't have a structure or a thought process in place for that. It would really help, especially with our temps, if we could develop a program and keep them here. Ms. Grabenstein said that is something the Comprehensive Hiring Plan committee can review. Our partners at the Attorney General's office have an externship program, so there are resources she can review, but she wants to ensure we comply with employment laws and set the program up correctly. Commissioner Moyle said that we could use some of the salary savings on an internship program. She knows there was a program available in the Tax Commission at one time, but over the years, it's gone away. If we're considering hiring 16-year-olds, then we should also consider college internships. Commissioner Katsilometes added that we have people like Kent Patterson, who previously worked for the Tax Commission and is now in Revenue Operations. He could spearhead things like this for interns and recruitment and show the benefits of participating.

Chairman McCray recognized the Leadership Champions and those in the Emotional Intelligence training. One of the things that helps to retain great talent is investing in our people and developing their skillsets. The Champions that have stepped forward will continue to grow over time, but the knowledge they transfer to others will help our internal leaders. The desire is that they stay, but even if they choose to move on, those skills will transfer. It is a great investment in people, and he appreciates keeping that initiative moving forward.

Commissioner Katsilometes asked about Ms. Martinez' position. Ms. Grabenstein replied that she is part of the team that is developing the configuration requests and requirements for INFOR. She is part of the team representing the Tax Commission's interests to ensure things needed for the Tax Commission aren't overlooked. The Tax Commission was approved, through the LUMA project, to give temporary pay increases to the Tax HR team to cover the loss of Ms. Martinez during the times she is working on LUMA and Ms. Grabenstein has also been approved to hire another HR Specialist, Sr. to allow Ms. Martinez to work on special projects that have been identified by Leadership and need to be pushed forward.

### **Reports on Rules Committees**

Tom Shaner, Tax Policy Research Manager, reported that the Resolutions presented today are the culmination of this season's rulemaking process. That is what will be presented to the legislature in the upcoming session. The next set of Rules to be reviewed are Income Tax Administrative Rules and the Beer and Wine Rules. When the first Omnibus Rules were completed two years ago, the Research Division combined the beer rules and the wine rules because they were redundant. Public meetings will be scheduled and held in accordance with law for the Income Tax Administrative Rules and the Beer and Wine Rules.

Mr. Shaner introduced Elena Gonzalez, the new Products Tax Specialist. She was hired to replace Don Williams who retired in September 2021. Ms. Gonzalez previously worked in Fuels Tax Audit and has experience with Income Tax Audits.

Commissioner Moyle thanked Mr. Shaner's whole team. They have done a very good job.

### **Other Business**

There was no other business.

### **Public Comment**

There were no public comments.

### **Executive Session**

Commissioner Katsilometes moved to go into Executive Session with legal counsel pursuant to Idaho Code § 74-206(1)(f) to discuss the status of litigation to which the Commission is a party. Commissioner Zwygart seconded the motion; Maria Young, Management Assistant took a roll call vote: Commissioner Zwygart, Commissioner Moyle, Commissioner Katsilometes, and Chairman McCray 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.

Chairman McCray resumed regular session and noted the next business meeting of the Tax Commission will be January 25, 2022 at 9:00 a.m.

There being no further business, Chairman McCray adjourned the meeting.

Maria Young, Secretary

Jeff McCray, Chairman