

# IDAHO STATE TAX COMMISSION

## COMMISSIONERS' OPEN MEETING MINUTES OF MEETING APRIL 4, 2018

In attendance: Commissioners Ken A. Roberts, Elliot S. Werk, Tom Katsilometes, and Janet Moyle, Mark Poppler, Debbie Coulson, Michael Chakarun, John Bernasconi, Janice Boyd, Doreen Warren, Chuck Pond, Alan Dornfest, Renee Eymann, Terry Ford, Roxanne Lopez, Glenda Smith, Phil Skinner, and Kelly Martinez.

Guests: Idaho Society of CPAs Executive Director Laura Lantz  
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** – There were no Certificates of Service awards for this month's open meeting.

### **Business Requiring Vote of the Commission**

#### Minutes: Open Meeting – March 7, 2018

Commissioner Roberts moved to approve the minutes of the open meeting held on March 7, 2018. Commissioner Werk seconded the motion. There were no comments or amendments. All voted in the affirmative and the minutes of the open meeting held on March 7, 2018 were approved.

#### Human Resources Administrative Policies

Roxanne Lopez, Human Resources Officer, presented the Administrative Policy Memorandums for approval as follows:

Administrative Policy Memorandum No. 18-04: Idaho Public Records Law

Administrative Policy Memorandum No. 18-05: Code of Ethics and Professional Conduct

Ms. Lopez said Administrative Policy Memorandum No. 18-04: Idaho Public Records Law is replacing the current policy 14-02, which has recently expired. She said the purpose of this policy is to establish clear agency guidelines for public record requests consistent with Idaho's public records law. Initially the only change proposed to the policy was updating the business unit names annotated in the policy. Ms. Lopez said the agency's dedicated public records custodian has historically been a tax policy specialist in the legal/policy unit. When the agency restructured and the tax/policy unit was functionally transferred to the Taxpayer Resources Unit, Appeals became its own business unit. The role of the public records custodian resided in Appeals with the designated policy specialist at that time. Ms. Lopez said the agency has taken the opportunity

to reevaluate where the public records custodian role best resides in the agency and determined it more appropriately aligns with the roles and responsibilities of the Taxpayer Resources unit, specifically Tax Policy. The proposed change is to reassign the role of the custodian to the Taxpayer Resources Unit from Tax Appeals.

Ms. Lopez said Administrative Policy Memorandum No. 18-05: Code of Ethics and Professional Conduct replaces the current policy, 14-03, which is expired. The purpose of this policy is to establish the principles and expectations for all Tax Commission employees to serve ethically, professionally, and in the best interest of the public to assure transparency, impartiality, independence, and honesty. Ms. Lopez said there are no revisions proposed. Commissioner Werk moved to approve Administrative Policy Memorandum Nos. 18-04 and 18-05 and Commissioner Katsilometes seconded the motion. All voted in the affirmative and both policies were approved.

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

### **Administrative Reports**

#### Collection, Debbie Coulson

Debbie Coulson had no report.

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

Doreen Warren reported that four house bills that became law during this legislative session will impact Idaho taxpayers for both the 2017 and 2018 tax years. Ms. Warren said they have developed a Tax Reform webpage that is accessible from the Tax Commission home page. This webpage is a work in progress as they sort out the impact of each statute and will continue to build on to the page. She said if anyone has any suggested changes or improvements, feedback is welcomed. Ms. Warren said they will also add the new tax tables to the webpage as soon as they are developed.

Ms. Warren reported that one area that will see a significant impact will be on the employee withholding tables. They are working on updating those tables and developing guidance for employers on how to use the federal W-4 for Idaho state withholding. She said this is not a perfect match and they are emphasizing that these calculations are estimates and that employees can request additional withholding from their employers if needed. Ms. Warren said once the guide and tables have been updated, her staff will communicate to payroll providers, employers, and taxpayers as effectively as possible.

Ms. Warren also reported on other initiatives that are in progress in her business unit:

- Staff are answering many phone calls and responding to email questions
- We will be offering curbside service for taxpayers to drop off their state tax returns on Tax Day – April 17.
- Business Basics module and webpage
- Tax Pro webpages and resources
- Staff is working to enhance the information on our webpage to provide relevant information for targeted groups

Revenue Operations, John Bernasconi

John Bernasconi reported that income tax returns are coming in quickly. There are currently 463,000 electronically filed returns which is about 3.75% more than last year. Paper returns in the system are down by about 8,000 returns however, we have more on the carts right now than we did last year. Overall, returns filed through Saturday are up 1.7% with 518,000 returns. Mr. Bernasconi said we have issued 335,655 refunds through yesterday, which is an increase of about 15,000 from the same period last year. He noted that we have sent out about \$11 million more in refunds than last year at this time. The average refund is \$594 compared to \$588 last year.

Mr. Bernasconi reported that there is a new application on the Taxpayer Access Point (TAP) that allows taxpayers to respond to our request for information letters electronically. Request for information (RFI) letters generally require something to be sent back. He said they have sent out 8,800 RFI letters through March 31 this year. Mr. Poppler asked if taxpayers have to set up an account to use this feature and Mr. Bernasconi said they do not. Commissioner Roberts said the number of verification letters seems to be increasing, and asked if there has been any discussions as to why those numbers are going up. Mr. Bernasconi said they met yesterday to further that discussion and they are still trying to figure it out. Commissioner Werk said the Experian data breach has caused an impact this year.

Management Services, Mark Poppler

Mark Poppler reported that Change in Employee Compensation (CEC) instructions have been issued. The Division of Financial Management (DFM) sends out instructions to every agency as to how the 3% CEC that was approved by the legislature can be distributed. Mr. Poppler said they will begin meeting to develop the matrix for the Tax Commission and a plan for how the money will be distributed. The plans must be submitted no later than May 7 and we will submit early if possible to try to take advantage of early pay periods. Commissioner Werk said he saw an email about the cybersecurity training that says if one person hasn't completed the training then nobody gets early CEC. Ms. Lopez said they are closely monitoring that activity and there are currently just four employees who have not completed the training as of this morning. She anticipates it will be taken care of by the end of the week.

Mr. Poppler said the refund fund is strong this year and the official numbers for the end of March will be out on Friday. The fund is about \$30 million higher than last year so we do not have to go to the Board of Examiners this year to borrow money.

Mr. Poppler reported that this complex officially changed hands earlier in March and St. Luke's is the new owner. There are some new maintenance staff because of the sale and if there are any issues, Tax Commission staff is asked to notify Kevin Voss. Celin Adams and Terry Ford will have the opportunity to go tour the HPE first floor area at the Chinden Campus to see the data center. Mr. Poppler said he has not received an update from Linda Miller regarding the extension of our lease, everything is fluid right now.

Tax Appeals Manager, Michael Chakarun

Michael Chakarun had no report.

Audit Division, Janice Boyd

Janice Boyd had no report.

There were no more administrative reports.

### **Reports on Rules Committees**

#### Property Tax Rules – Property Tax Rules Committee Chair, Alan Dornfest

Alan Dornfest, Property Tax Rules Committee Chair, reported that yesterday they had their first meeting since the legislative session concluded. There were twelve statutes that passed this year that effected property tax and there are quite a few rules on the table. Mr. Dornfest said they have sent in 13 rules and have received permission to work on many of them from the Division of Financial Management. He said of those, they believe there will be two temporary rules to bring before this body at the next open meeting. Mr. Dornfest said because of the changes the legislature made, at least three of the rules we will be revising this year will be some of our longest rules. The next Property Tax Rules Committee meeting will be held on May 22. He said they do expect because of the nature of those legislative changes to have the temporary rules before the Commission prior to that time.

There were no more Rules Committees reports.

### **Other Business**

There were no items of other business.

### **Public Comments**

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

There were no public comments.

### **Executive Session**

Commissioner Roberts 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 Kelly Martinez, Administrative Assistant and Commissioners Roberts, Werk, Moyle, and Katsilometes, 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. Commissioner Roberts moved to adjourn and Commissioner Werk seconded the motion. There being no further business, the meeting adjourned.

Kelly Martinez

Janet Moyle