IDAHO STATE TAX COMMISSION

COMMISSIONERS' QUARTERLY BUSINESS MEETING
MINUTES OF MEETING APRIL 28, 2026

The Idaho State Tax Commission held its quarterly business meeting for April 2026.

Chairman John Bernasconi presided over the meeting, which included presentations from division administrators and leadership team members, administrative reports from all divisions, and action items requiring commission approval.

Public Session

Chairman John Bernasconi called the meeting to order at 9:00 AM. Those present included Chairman John Bernasconi, Commissioner Janet Moyle, Commissioner Paul Woods, Commissioner Jared Zwygart, Evan Sailor (Chief Operating Officer), Kim Wind (Revenue Operations Division Administrator), Lisa Palmer (Tax Appeals Manager), Greg Busmann (Compliance Division Administrator), Rebecca Danley (Audit Division Administrator), Rick Mascall (General Services Division Administrator), Isaac Joyner (Technology and Innovation Bureau Chief), Rhamona Grabenstein (Human Resource Officer), Elena Gonzalez (Tax Research Specialist), Miguel Legaretta (President, Associated Taxpayers of Idaho), and Laura Lantz (Executive Director, Idaho Society of Certified Public Accountants (ISCPA)). Remote participants included Christopher Lehosit (Legislative Services Office).

Business requiring a vote of the Commission

Minutes: Regular Business Meeting – January 20, 2026

Commissioner Woods moved to approve the minutes of the Regular Business Meeting held on January 20, 2026. There was no discussion; all commissioners voted aye, and the minutes of the Regular Business Meeting held January 20, 2026, were approved.

Minutes: Special Business Meeting – January 28, 2026

Commissioner Zwygart moved to approve the minutes of the Special Business Meeting held on January 28, 2026. There was no discussion; all commissioners voted aye, and the minutes of Special Business meeting held January 28, 2026, were approved.

House Bill 93 Progress Report

Kim Wind, Revenue Operations Division Administrator, provided an update on the implementation of House Bill 93, the parental choice tax credit program. The project is 74% complete. Award notifications were sent for credits and advance payments. Returns with credits claimed have been processed. Advance payments are in queue and being distributed. House Bill 934 amendments are being reviewed for administration. The application period will reopen after development work is completed. Phase 4 (audit discoveries) are scheduled for early May. The Legislative Service Office (LSO) data exchange and reporting requirements are in development for next legislative session. Jessica Pilot, Tax Appeals Specialist, has handled 155 parental choice tax credit appeals or contested cases.

Commissioner Moyle praised the implementation considering this program has never been done anywhere before. She complimented staff for handling minor issues efficiently despite ongoing development challenges.

ADMINISTRATIVE REPORTS

Chief Operating Officer Report

Evan Sailor, Chief Operating Officer, said strategy recalibration is scheduled for next week. The One Team philosophy rollout is planned for July 1st with the communication plan in place. Operational excellence training is being prepared for June. The Print Center Modernization (PCM) Project is in Phase 4 (correspondence phase). Developer training for prior year tax forms is scheduled for the first week of May. The three% budget holdback is on target ($1.38 million by June 30th). "Coffee with the COO" was held in March with 80 Boise attendees and about 44-46 Field Office attendees; next sessions are scheduled for May 19th-20th.

Currently, there are 25 vacancies with several in the hiring process. The new chief financial officer job offer was made Friday to an internal candidate.

Curbside service on tax day served 173 customers despite rain. Spirit Week and baked potato bar were successful. The All-Employee picnic is scheduled for Thursday, July 9th. Chairman Bernasconi noted the value of curbside service in humanizing the Tax Commission despite modest participation numbers. The weather impact on participation is noted.

Tax Appeals Division Report

Lisa Palmer, Tax Appeals Manager, reported that Appeals Resolution Meetings are scheduled for May 13th and June 3rd. Currently, there are 150 cases open. In the first quarter, they closed 105 cases, compared to 95 in the same period last year. Case resolutions: 37% by decision, 41% by protest withdrawal, 5% by closing or settlement agreement, 9% miscellaneous. Ten cases went to the Board of Tax Appeals (8 dismissed in favor, 1 upheld, 1 modified), and two Supreme Court cases were settled. Average days to close a case is 172 days compared to 197 days in the same period last year. The Tax Appeals Unit is fully staffed and assists other divisions including Taxpayer Resources and mailroom.

Commissioners praised the reduction in case closure times and increased case closures. Ms. Palmer noted that previously, some multi-state cases took years to resolve due to some retirements and the complexity of the cases.

Property Tax Division Report

George Brown, Property Tax Division Administrator, reported that his division conducted strategic recalibration resulting in action items for leadership and tasks throughout the division. Their Inaugural Employee of the Quarter Award was given to Jennifer Williams in the GIS section.

The data management project is underway with a significant scope (22,000 documents were identified beyond the initial list). They've received 32,000 Property Tax Reduction applications, and 16,000 were entered (counties are responsible for initial processing, and there were some delays). The Technical Support Bureau replaced all the Cold Fusion pages on the website (3-year project). They're preparing to convert Boise County from CAI (Computer Arts, Inc.) software to Tax Commission software by January, which will facilitate converting 8 – 9 additional counties. Sydney Smith joined the GIS team as an analyst focusing on education and training materials. In Operating Property, seven companies were moved from property tax to kilowatt-hour and thermal tax.

Idaho is hosting the WSATA CCAP (Western States Association of Tax Administrators, Committee on Centrally Assessed Property) meeting September 28 through October 1. Ratio studies show 16 categories were out of compliance in 14 counties (a significant improvement from 75 last year). Five categories in 5 counties were out of compliance with the new 5% equity requirement.

They have a new consulting appraiser, Joshua Stokes. He lives in Blackfoot and previously worked for Bannock County. The Board of Equalization manual has been updated in partnership with Idaho Association of Counties, and new assessor training is planned, potentially expanding to other newly elected officials.

Commissioner Zwygart said he appreciates the detailed work in a constantly changing field. Commissioner Woods asked about Board of Equalization manual work. Mr. Brown noted collaboration with counties and extensive educational offerings.

Compliance Division Report

Greg Busmann, Compliance Division Administrator, reported that the X-9 e-levy process was implemented with Wells Fargo in February (Idaho is the first state to implement with Wells Fargo). Compliance cases increased by 8,000 over last year, partly due to paper reduction. Staff closed approximately 35,000 of 38,000 cases. The old dialer technology was reactivated successfully for monthly collection case notifications. They've collected $71.3 million this quarter; $8 million (11.3%) tied to FAST Collections Service that was implemented in 2023. Taxpayer Services (TPS) is under Compliance as of January. In calendar year 2025: 153,939 calls presented with 87,633 handled (56.9%). In the first quarter, 57,880 calls presented, with 30,906 handled (53.4%). This is a higher call volume than historically experienced. Four to six compliance officers plus auditors are helping with TPS. Last Tuesday, they hit almost 1,800 calls, the highest volume in available reports.

Commissioner Woods questioned why sales and use tax recoveries nearly doubled in three years; Mr. Busmann attributed it to population increase and new businesses. Commissioner Woods noted the withholding tax spike in 2025; Mr. Busmann explained large accounts and ADP issues contributed. Ms. Wind added that health industry changes helped streamline withholding for home nurses.

Audit Division Report

Rebecca Danley, Audit Division Administrator, reported that Audit closed 79 developmental work orders (SQRs) this quarter (a 46% increase over same quarter last year). Identity theft accounts for 0.0186% of total fraud returns (historically low). FAST Identity Verification System (FIVS) identified 32.8%, and the Fraud and Criminal Investigations Unit identified 67.2%. The top fraud scheme is fake W-2s (nationwide trend for four years). A new FIVS feature launched at the end of March utilizing breached data. There were six criminal cases assigned to county prosecutors, one new case submitted, one sentenced, and zero dismissed.

Closed Audits were down, at 5.4% over quarter three last year, but are up 1.5% over the past four quarters. Audit recoveries are down 24% (attributed to two larger than normal recoveries in fiscal year 2025). Their customer service rating is now 94.78%, with 98% last month.

The Idaho Sales Tax Kickstart Program launched in January 2026. There were eight requests in January, eight in February, and 24 in March. The Fuels Tax IFTA (International Fuels Tax Agreement) welcome packet and recordkeeping flyer were incorporated into GenTax. Clint Howells, Tax Auditor 3, was nominated as FTA (Federation of Tax Administrators) Regional Lieutenant Governor for the Pacific Region.

There were six employees dedicated to processing income tax and withholding returns starting February. Almost all Audit employees take TPS shifts (approximately 18 per day, 90 per week). Currently, Audit has 6 vacancies (two in income tax audit and four in sales tax audit). They have one new hire (Taylor Payne), 2 promotions (Natalie Simmons and Barbara Wendner). And Audit is working on the LEAP project, moving non-filer discoveries from 2018 to 2022.

Commissioners thanked Ms. Danley for the Audit Team's support of TPS. Chairman Bernasconi noted the ongoing challenge with the evolution from paper receipts to electronic documentation. Commissioner Woods asked about non-filer automation; Ms. Danley explained that the process still requires human oversight despite automation. Commissioner Moyle emphasized the need for support, given call volume challenges, and limited technology capability.

<u>Revenue Operations Division Report</u>

Kim Wind, Revenue Operations Division Administrator, reported that year to date through March 31, they've received 660,000 individual income tax returns and 45,000 business income tax returns. Paper returns are at approximately 5% for individuals, 3% for businesses. Processed refunds are $417,000 year to date (total 2025: $730,000), with an average refund of $600. New Idaho Business Registrations are 7,342 year to date (total last year: 21,000). Sales tax permits are currently 114,698 (an increase from 113,382 last year). Withholding permits increased approximately 1%.

They hired 40 temp candidates on January 14th, offered 21 positions, and welcomed back 23 returning seasonal staff. They've changed the staffing model to assign one supervisor to all temps for better training and integration. Revenue Operations (RO) is collaborating with the Technology and Innovation Bureau (TIB) on training focused on RO. The temporary employee hours for fiscal year 2026 are 11,621, compared to 10,000 in 2025. Conformity required significant system changes and vendor coordination, and they've implemented an automatic adjustment for the standard deduction to avoid taxpayer amendments. Annual system changes (FRED) were completed, plus additional changes for conformity. The Processing Center Modernization (PCM) project is ongoing. Mail volume is reduced compared to 2025 due to paper reduction initiatives and increased online filing. Registration and Processing is working on efficiency improvements with Renee Marsh. High volumes will continue through June.

Commissioner Moyle noted about Renee Marsh's countdown to retirement. Chairman Bernasconi praised the team for handling conformity timing and challenges. Commissioner Woods asked about the 11,000 business returns that are on hold; Ms. Wind explained there's a 10-day hold for account registration maintenance to verify addresses and prevent refunds going to wrong locations.

<u>General Services and Finance Report</u>

Rick Mascall, General Services Division Administrator, reported that Quality Assurance and Research logged 6 incidents calendar year to date. The duplicate TAP payments incident reduced from 365 in January to 66 in March through collaborative problem-solving and a system warning enhancement. Parker Gregg, Quality Assurance Business Analyst, is analyzing TAP feedback, and Jacob Besser, Research Analyst, Principal, completed a tax burden study and detailed performance models for divisions. A new operational excellence manual is also in development.

In Financial Services, the closing package is started. The Legislative Services Office (LSO) audit work is completed, and a memo is expected in early May. The Joint Finance and Appropriations Committee (JFAC) ordered a special audit of the comparative report, but it's not yet assigned. For Revenue: March 2026 is up 7.1% over March 2025 (a 2.1% increase over the fiscal year). Sales tax revenue in March 2026 is up 10.8% (a 5.3% fiscal year increase). Individual income tax was up 7.7% in March (a 1.6% fiscal year increase), and corporate income tax was down 8.4% in March (a 6% decrease for the fiscal year). General fund distributions are up 5.2% in March (an 8.4% increase for the fiscal year).

Concerning the budget, paper reduction savings are approximately $224,000 for the year. In-state travel is down $133,000 and out-of-state travel is $46,000 year to date. Employee development is at 61% of last year. The agency is on track to meet the required budget cuts. Financial Manager Nicolena Silva was hired January 20th and Lisa Kopke resigned effective April 3rd. Recruitment for a Chief Financial Officer is underway.

Commissioner Woods complimented Mr. Mascall's use of "paradoxical gratitude" as a description of budget reduction. He asked about LUMA categorization challenges; Mascall clarified it's an accounting issue, not LUMA-specific, and Nicolena Silva will work with the team on invoice coding discipline. Commissioner Moyle noted the Tax Foundation ranked Idaho 9th overall, and Property Tax stayed third.

Technology and Innovation Bureau Report

Isaac Joyner, Technology and Innovation Bureau Chief, reported that the IRS audit is scheduled to begin in August (it technically started today). They're submitting the SSR (Safeguards Security Report) and CAP (Corrective Action Plan) reports this week. They're having weekly meetings with the Information Technology Services (ITS) security team. Completed projects include FRED, PCM Phase 3, and Conformity. The third quarter Annual Plan update was provided to the Operations Leadership Team (OLT). All project documentation is available on Tax Insider under Agency Services/Project Management. The total training hours fiscal year to date are 5,450 hours; in the third quarter, there were 1,067 hours (change management, compliance training, RO Academy, audit training, IRS training on One Big Beautiful Bill).

The Quarterly TIB meeting included ice cream social/root beer floats. In Project Management, they have PCM Phase 4, paper reduction, House Bill 93, and 2 auditorium district projects in process. Tax development closed 124 SQRs (the majority are planned maintenance). FAST developers closed 185 work orders (169 system issues related to the VB.NET to C# conversion in Core 21). Operations and security completed 198 SARs (system access requests) and deployed 52 laptops (likely all for rest of year due to budget). A risk assessment was completed for GenTax software, which was a collaborative effort with multiple divisions and ITS. There are two vacancies: one project coordinator, and one software engineer.

They are moving to AWS cloud on FAST tenant (which eliminates the Lumen and Syringa circuits, with $50,000 annual savings and no-cost implementation). Brooks Danielson, a Software Engineer 1, is a new hire, Sam Baisch promoted to Software Engineer 3, and April Kooch promoted to Program Coordinator. Alex Wezensky and Coen Isbell passed probation. Employees of Month were: January - Maribel Cervantes, March - Maya Murphy.

Commissioner Woods asked about deferred purchases due to budget; Mr. Joyner confirmed significant deferrals, except critical SAN (storage area network) replacement for the IRS audit, noting the deferred needs component of a restrictive budget. Commissioner Zwygart thanked the team for keeping computers operational.

Public Information Report

Evan Sailor reported on behalf of Julie Eavenson, Public Information Director. The Communications Team is managing the My School Choice website for ITS, updating application numbers and student counts. They've issued three Idaho Parental Choice Tax Credit Program newsletters (over 1,000 subscribers), three news releases, and one media advisory related to the program. They've responded to approximately 1,200 emails about the program (up from 650 in the fourth quarter 2025). They've received and responded to 40 public records requests between January and March (up from 26 in the fourth quarter). The majority were related to parental choice and sales tax data. Media coverage included 254 media mentions or features (up from 183 same period 2025). High-profile stories include the Parental Choice Tax Credit, state budget cuts, conformity, and One Big Beautiful Bill.

Commissioner Woods asked about the website update authority and backstop procedures after recent corrections were needed. Mr. Sailor explained that the approval process varies by content; House

Bill 93 items went through former-Chairman McCray to Ms. Eavenson or Ms. Wind to Ms. Eavenson and other issues went through him to Ms. Eavenson.

Human Resources Report

Rhamona Grabenstein, Human Resources Officer, said her report tracks recruitments, classification, compensation, employee relations, accommodations, FMLA (Family Medical Leave Act), leave, and exit interviews per their service level agreement. Currently, there are 23 vacant positions in some form of recruitment. The average time to hire is 19 days (including temps, which skews the average lower). There have been 160 new hire actions fiscal year to date, 43 reclassifications (including the tax auditor series automatic underfill completions and vacant position repurposing), and 108 compensation increases processed (which included probation completion increases before the discontinuation due to rescissions). Her team has processed 66 employee relations cases and approved 48 FMLA, with 12 pending (a total of 60, over 13% of agency). In one pay period (March 29 to April 11) there was 804.85 hours of bereavement and FMLA leave. They've approved 16 accommodations for a total of 21 in process.

Spirit Week received phenomenal feedback. Statewide Employee Appreciation Week starts May 3rd. Open enrollment is April 27 through May 15 with no rate increases. The statewide employee engagement survey is scheduled June 22 through July 17. The Hire to Retire series is continuing with strong attendance. In the May session, Ms. Eavenson's team is presenting on communication and supervisor role.

Commissioner Woods is impressed with the extensive tracking and graphing. He asked if the 352 report is shared with the leadership team; Ms. Grabenstein said she shares it with Mr. Sailor – with more granular information; she offered to change that practice. Commissioner Woods asked about exit interview data compared to other agencies; Ms. Grabenstein clarified that Tax-specific exit interview data is not on the 352 reports. The raw data is sent to Mr. Sailor, including that pay and cost of living are issues, but Tax's numbers are lower than statewide. Commissioner Moyle emphasized the importance of technical and leadership development training and appreciated the focus on this area.

Government Affairs Report

Elena Gonzalez, Tax Research Specialist, presented on behalf of Aaron Yost, Government Affairs Program Manager. Ms. Gonzalez reported that the second session of the 68th Idaho Legislature ran January 12 through April 2. In total, 724 House and Senate bills were introduced (a 2% increase); 129 bills were identified with a potential Tax Commission impact (an 18% increase), 344 were enacted into law (matching last year), and 49 passed bills may impact the Tax Commission (matching last year). The Tax Legislation and Administration Committee is reviewing all 49 bills for operational impact. Key bills include House Bill 559 (the annual conformity bill, signed February 12, retroactive to January 2025), House Bill 733 (partnership audit procedures), House Bill 934 (Idaho Parental Choice Tax Credit changes), Senate Bill 1345 (agency-sponsored opt-in for secure electronic communications), and Senate Bill 1450 (Idaho Child Tax Credit sunset, which did not pass). They're also reviewing bills to determine if MOU (memorandums of understanding) updates or new agreements are needed. Two Executive Agency legislative ideas were submitted: amusement device decals (approved), and food tax credit (not approved). Two rule dockets were approved: sales and use tax rules, and hotel/motel/campground sales tax rules (part of zero-based regulations). They're starting the 8-year rule review.

Training included: sessions with IDOG (Idahoans for Openness in Government), Rules Coordinator training, and there is upcoming training on the EALS (Executive Agency Legislative Submission) process. Mr. Yost has been out of the office since mid-March and returns May 18 and Philip Johnson, Tax Research Specialist, is on vacation this week.

Laura Lantz, Executive Director, ISCPA, expressed her eagerness to work collaboratively on partnership audit rules. She appreciated working together. Chairman Bernasconi noted the improved relationship between the Tax Commission and ISCPA over years. Commissioner Moyle distinguished administrative versus policy issues. There was discussion of the value of questions and contention for improving customer service and education. Ms. Gonzalez explained the new system for employees to submit legislative ideas online, with a review process through division administrators, government affairs, and commissioners. An example was the opt-in for secure electronic communication that came from a security task force. The system allows tracking of previously reviewed ideas.

EXECUTIVE SESSION

Commissioner Woods moved to enter executive session pursuant to Idaho Code section 74-206(1)(f) to discuss the current status of litigation to which the Commission is a party. Maria Young, Management Assistant, conducted a roll call vote: Commissioner Woods, aye; Commissioner Zwygart, aye; Commissioner Moyle, aye; Chairman Bernasconi, aye. The motion passed.

Chairman Bernasconi recessed the meeting to clear the room.

The meeting was reconvened in Executive Session pursuant to Idaho Code section 74-206(1)(f) to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated.

PUBLIC SESSION

Chairman Bernasconi reconvened the public session. The Commission met in Executive Session with its legal counsel pursuant to Idaho Code section 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.

There was no further business and no public comment. Chairman Bernasconi announced the next quarterly business meeting will be held Tuesday, July 21, at 9:00 AM. The meeting was adjourned.

Maria Young, Secretary　　　　　　　　John Bernasconi, Chairman

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