

**IDAHO STATE TAX COMMISSION**  
**COMMISSIONERS' OPEN MEETING**  
**MINUTES OF MEETING SEPTEMBER 11, 2019**

In attendance: Commissioners Tom Harris, Elliot Werk, and Janet Moyle, John Bernasconi, Randy Tilley, Kim Wind, Renee Eymann, Mike Chakarun, Glenda Smith, Mark Poppler, Mark Warbis, Leah Parsons, Michael Pendergrass, Tom Shaner, Cynthia Adrian, Amy Cady, Phil Skinner, Maria Young.

Guests: Miguel Legaretta Associated Taxpayers of Idaho; Laura Lantz, Executive Director, Idaho Society of Certified Public Accountants.

**Public Session**

Chairman Harris called the meeting to order and welcomed all those in attendance.

**Presentation of Certificates of Service**

Michael Pendergrass, Human Resources Officer, acknowledged the employees receiving Certificates of Service. Mr. Pendergrass noted that their combined total of 120 years of state service is appreciated. The Certificate of Service recipients were: Tallene Johnson, Technical Records Specialist 1, Idaho Falls Field Office, 5 years; Elizabeth Roper, Tax Auditor 1, Audit/Tax Discovery Unit, 5 years; Valerie Curnow, Technical Records Specialist 2, Audit/Fuels Tax & Registration Fees, 10 years; Audrey Smith, Tax Compliance Officer 3, Pocatello Field Office, 20 years; Ellen Anderson, Tax Compliance Officer 2, Collection/Boise Field Office, 40 years; Kent Patterson, Program Specialist, Revenue Operations/Administration, 40 years.

**Business requiring a vote of the Commission**

Minutes: Open Meeting – August 12, 2019

Commissioner Werk moved to approve the minutes of the open meetings held on August 12, 2019. Commissioner Moyle seconded the motion. All voted in the affirmative and the minutes of the open meeting held August 12, 2019 were approved.

Minutes: Idaho State Board of Equalization Meetings – August 12, 2019, August 19, 2019, and August 26, 2019.

Commissioner Werk moved to approve the minutes of the Idaho State Board of Equalization Open Meetings held August 12, 2019, August 19, 2019, and August 26, 2019. Commissioner Moyle seconded the motion. All voted in the affirmative and the minutes of the Idaho State Board of Equalization open meetings held on August 12, 2019, August 19, 2019, and August 26, 2019 were approved.

Resolution 19-04: 2020 Interest Rate

Cynthia Adrian, Income Tax policy specialist presented Resolution 19-04 for the 2020 Interest Rate. Ms. Adrian said this the annual determination of the interest rate for the upcoming year. This is calculated by the formulas in statute and the interest rate being presented is four percent (4%) simple interest. Commissioner Moyle moved to approve the 2020 Interest Rate as presented. Commissioner Werk seconded and the resolution was approved.

## **Administrative Reports**

### **Tax Appeals Manager, Mike Chakarun**

Mike Chakarun had no report.

### **Audit Division Administrator, Kimberly Wind**

Kimberly Wind reported it has been a busy first few weeks and she has been interviewing candidates to fill the position she vacated in the Tax Discovery Bureau. Ms. Wind reported that as of August 31, the Audit and Fraud Division had discovered 31 confirmed fraud returns and 14 confirmed identity theft returns. They are working to better define fraud and how it is reported. There have been 6,716 returns of non-responders in 2019. In the past, staff would review each return. With the new system, they can now identify, with higher confidence, those that are fraudulent. The reported fraud percentages will increase, as a result of more accurate reviews.

Commissioner Werk clarified that the going forward, the idea is that if we have enough confidence that a return in the non-responder category is indeed fraud, it is placed into the fraud category. Right now, over 6,000 returns are being held for review and not reported as fraud. Ms. Wind agreed and said that in the future, those will be identified and reflected as fraud in the report.

The Criminal Unit reported that a Post Falls woman received 14 years in prison after she pleaded guilty and was convicted of two counts of grand theft and one count of tax evasion.

Ms. Wind thanked Mr. Randy Tilley for his hard work and wisdom in the Audit Division. Commissioner Werk also recognized and thanked Mr. Tilley for all his many years of service. He has been the Audit Division Administrator for the last 10 years and has done a great job. The Commission appreciates the work he has done with the Audit Division.

### **Collection, Debbie Coulson**

Bryan Smith, on behalf of Debbie Coulson, had no report.

### **Management Services, Mark Poppler**

Glenda Smith, on behalf of Mark Poppler, reported the IRS completed their audit and she is working with Information Technology Services (ITS) to resolve some of the audit findings. The Legislative Services Office (LSO) is currently conducting an audit and has been given office space in this building for the duration of the audit. The remainder of Management Services is moving to the Chinden Complex this week, with the exception of Mark Poppler, who is retiring from state service. His last day will be September 13, 2019.

Commissioner Werk said the Commissioners are very proud that the Tax Commission did well in the IRS audit and that we did so while moving the agency and simultaneously transitioning to centralized IT services. Commissioner Werk asked managers to please pass the Commissioner's thanks on to staff.

### **Human Resources**

Human Resources had no report.

### **Revenue Operations Division, and interim Information Services, John Bernasconi**

John Bernasconi thanked Randy Tilley for his guidance and mentorship. Mr. Bernasconi reported that Revenue Operations (RO) is still involved in tax drive: all taxes are not yet due. There are currently approximately 30,000 fewer income tax refunds this year than last year at

this same time. The refund average is down about \$75 per refund, from \$563 to \$489. Overall returns are up 2%: they have received 847,000 individual income tax returns this year; last year at the same time, there were 831,000. They are prepared for large numbers of returns to be filed in the next 30 days.

RO moved in two groups: the operations/processing side and the paper side of the organization (mail room) moved separately. There have been some challenges with the spaces. There were humidity control issues and some of the machinery was compromised. Mail is now being delivered to Chinden and the processes are working extremely well.

Mr. Bernasconi reported that Integration Services has now filled all their vacant positions, except for the manager. All staff have filled in where and when needed.

Commissioner Werk said approximately 550,000 of the total individual income tax returns are refund returns. While smaller, taxpayers are receiving refunds. Mr. Bernasconi credited the agency's training for the public about the withholding changes and noted the tax year doesn't end until November.

Ms. Lantz asked if Mr. Bernasconi is prepared for the influx of returns that will be filed in October. He said they have already begun to reemploy the temporary employees. This time of year is similar to the April filing season and there will be plenty of people to help.

#### Public Information and Taxpayer Resources, Mark Warbis

Mark Warbis reported the dates for the 2019 Legislative tour are set for December 5, 10, and 17, 2019. In the meantime, they are working on customer service surveys, as well as employee surveys. Everything is ready for the initial taxpayer survey and it is ready to be sent out, to initially about 3,000 random taxpayers. If there isn't adequate response, they will try again. The goal is to have the results of all the surveys by the end of the year.

Mr. Warbis has accepted the retirement notice of the Tax Commission's Software Engineer and Web Developer that will be effective December 17. He has received permission to double-fill the position and he is posting that announcement. He noted that position will require considerable training as that is the primary means of communication with the public.

#### Property Tax Division Administrator, George Brown

Jerott Rudd, on behalf of George Brown, has no report.

Chairman Harris noted that he will be providing strategy updates for employees in the Boise area this week. Those to whom he spoke in the field offices are ready for the employee survey. Chairman Harris added that the surveys are being done to see how we are serving our stakeholders. Ms. Wind said employees are excited about the strategic plan and the metrics. Chairman Harris said the field offices were responsive and engaged in the discussions.

#### **Reports on Rules Committees**

Tom Shaner, Rules Review Officer, said he has primarily been working on the Omnibus package, which is the mechanism to revise all the rules in the agency. It has created an unusual opportunity to make edits to things without going through the normal process, as long as those edits don't change the underlying meaning of the rule. Beer and Wine rules were a perfect example, since they were repetitive. They were able to consolidate it from 18 or 19 pages down to a little more than 5 pages. They have vetted the Omnibus package through committees all

summer. The whole Omnibus package is due to Division of Financial Management (DFM) on October 16, but it will need to be approved by the Commission. They are working with DFM to ensure there were no substantive changes made. While there are relatively few changes, it is unclear how this will be presented and reviewed by the legislature, since they will need to review every agency. At the next open meeting, the Omnibus package will need to be approved by the Commission.

Commissioner Werk said, due to the size of the package, he would like to have it one week prior to the open meeting so that if there are questions, the Commissioners could have those answered prior to the open meeting. Mr. Shaner said that while there are hundreds of pages, the changes are relatively light, except for Beer and Wine. Throughout, they primarily simplified and standardized language (i.e. the name of the agency and how it is referenced).

Ms. Lantz asked if there will be a red-line version for the public. Mr. Shaner said the actual submission will be red/blue line. Mr. Shaner added that once DFM publishes it, it will be available to the public. Mr. Warbis emphasized that the goal in the Omnibus package was to make no substantive changes to the rules themselves. They removed language that was redundant or unnecessary.

Chairman Harris complimented the team for the hard work they have done. This was a rare opportunity to clean everything up at once.

### **Other Business**

Commissioner Werk asked about the fall ISCPA meetings. Cynthia Adrian said those meetings will start the week of October 14 in northern Idaho, and the Eastern tour will be the following week.

### **Public Comments**

There were no public comments.

### **Executive Session**

Commissioner Werk moved to go into Executive Session with 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 Maria Young, Management Assistant and Commissioners Harris, Werk, and Moyle 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 Harris declared the Executive Session ended and returned to the public session.

There being no further business, Commissioner Harris adjourned the meeting.

Maria Young

Tom Harris