

IDAHO STATE TAX COMMISSION
COMMISSIONERS' OPEN MEETING
MINUTES OF MEETING MAY 25, 2021

This meeting was open to the public; however, everyone was encouraged to attend by telephone, and select presenters to join on Microsoft Teams.

In attendance: Chairman Jeff McCray and Commissioners Janet Moyle and Elliot Werk; John Bernasconi, Debbie Coulson, Kim Wind, Nick Landry, Rhamona Grabenstein, Rick Mascall, George Brown, Phil Skinner, Kolby Reddish, Kara Lansberry, Nathan Nielson, and Tom Shaner were present in the room; Commissioner Tom Katsilometes joined by teleconference.

Guests (via teleconference): Laura Lantz, Executive Director Idaho Society of Certified Public Accountants (ISCPA)

Public Session

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

Recognition of Certificates of Service

Rhamona Grabenstein recognized the employees receiving Certificates of Service saying it is with great pleasure we can now recognize employees in person. Service certificate recipients were: Dennis Schat, Tax Auditor 3, Audit/Tax Discovery Bureau, 5 years; Jerry Watanabe, Tax Auditor 1, Audit/Tax Discovery Bureau, 5 years; Jeremy Bowden, Technical Records Specialist 3, Revenue Operations/Taxpayer Accounting, 5 years; Holly Heinrich, Program Specialist, Collection/Central Office Bureau, 5 years; Brett Jenkins, Tax Compliance Officer 2, Collection/ Central Office Bureau, 5 years; Caryn Hirschi, Financial Specialist Senior, Administration/Management Services, 10 years; Gina Luckow, Technical Records Specialist 1, Revenue Operations/Initial Data Operations, 10 years.

This is a combined total of 45 years' service to the state of Idaho and to the citizens of Idaho. Ms. Grabenstein thanked everyone for coming today.

Business requiring a vote of the Commission

Minutes: Regular Business Meeting – March 23, 2021

Commissioner Moyle moved to approve the minutes of the Business Meeting held on March 23, 2021. Commissioner Werk seconded the motion. There was no discussion; all commissioners voted aye and the minutes of the Business Meeting held March 23, 2021 were approved.

Minutes: Special Business Meeting – March 25, 2021

Commissioner Moyle moved to approve the minutes of the Special Business Meeting held on March 25, 2021. Commissioner Werk seconded the motion. There was no discussion; all commissioners voted aye and the minutes of the Special Business Meeting held March 25, 2021 were approved.

Administrative Reports

John Bernasconi, Chief Operating Officer

Mr. Bernasconi congratulated Michael Chakarun, Appeals Manager, on his retirement. Debbie Coulson has stepped in on an interim basis and will provide the update for Appeals today. Recruitment has begun for the Collection Division Administrator position.

Mr. Bernasconi noted that the change in employee compensation plan was approved and while Ms. Grabenstein will provide details in her report, there was a significant amount of hard work that went into this plan and he is very happy for our staff.

We are currently in the strategy recalibration process. This is a chance to review what has happened over the last year, where we met our goals, where we didn't, and how to move forward. He appreciates the work of everyone involved, both the operations team and the commissioners. There have

been three days of review and planning and there will be two more scheduled soon to finalize the coming year's strategic plan.

Revenue Operations is heavily involved in the Tax Rebate implementation plan. There was a meeting yesterday to discuss the intricacies and challenges of implementation, and to determine how to deliver 900,000 rebates this year. The goal is to begin August 2 and be finished by the end of the 2021 calendar year.

Chairman McCray asked Mr. Bernasconi to elaborate on the recalibration process, since this is the first time he's been involved in this process. The Team did solid work these last three days and he's impressed with the process and the dialogue that goes into developing the critical success factors that will be used in the coming year. He congratulated the team and thanked everyone for their work.

Mr. Bernasconi also reported on behalf of Mark Warbis, Public Information Director. The Tuesday FAQ videos are a great move for the organization to embrace video as a delivery method both internally and externally. He salutes the hard work of the Taxpayer Resource Unit (TRU). Everyone is encouraged to review some of these videos on our website; Theresa Chance of Taxpayer Services does a very good job. We are also updating our website from Cold Fusion to Word Press. We expect to have a better product when the conversion is completed. The Taxpayer Services Unit (TPS) continues to provide excellent customer service. We've received positive feedback from those that come into the building and he wants to recognize staff for being the front line on phones; whether it's the Phone Power Unit in Collection for those first-line collection calls or those on the general number in TPS. They just keep rising to the occasion and he is proud of them.

Commissioner Werk asked if Mr. Bernasconi has information about the dropped call rates and wait times. Mr. Bernasconi said he doesn't have those numbers available for this meeting.

Chairman McCray commented on the Tuesday Tax FAQs saying that the numbers of views are very good. He said it has been very popular and would like it to continue. They are 2-minute "lessons" that explain what we do and what our customers need to do. He appreciates it.

Debbie Coulson, Interim Appeals Manager

Ms. Coulson provided updates for Appeals and for Collection. She commented that "Payment Plans" were a subject of a recent Tuesday Tax FAQs and appears to be quite popular. They've begun working on another video to discuss Temporary Sellers' Permits and hope to have it available soon.

Ms. Coulson said the update for appeals is short since she doesn't have the statistics Michael Chakarun provided. Over the next few weeks, the Appeals unit will be reviewing the current processes and flows of how cases move through Appeals. They are looking at opportunities for efficiencies to process appeals cases quicker while still doing quality work, and getting the decisions mailed. She was able to retrieve the number of closed appeals cases and from January 1 to May 24 they have closed 146 appeals cases. Appeals cases created since January 1st was 128 for the same time period last year. She looks forward to developing more efficiencies in this unit and will share those as they occur.

In Collection, they've also been working on several things. As of May 20, taxpayers can request a TAP Payment plan without walking-into the building. Taxpayers will need their social security number and a letter ID. Once the taxpayer provides that, the system will allow them to set up a payment plan without having a TAP account. Collection staff are excited about it. Several taxpayers have already created plans. The Idaho Fuels Tax Agreement (IFTA) due process automation is complete. Staff must still manually enter estimates for non-filers due the different jurisdictions, but once the estimates are entered, the system will take over and run the due process automatically, which is saving labor hours.

Collection continues to recruit and fill the vacant Tax Compliance Officer 1 positions in the Boise office. Ms. Coulson and her team are currently interviewing for 12 vacancies. The formal collection training program is moving along. The Collection Training Specialist Lynn Howard will be in Boise the week of June 28 to provide training to the new Compliance Officer 1's as well as others and she will travel to all the field offices over the next few months.

The FY2021 total recoveries are \$149,514,430.31, which is \$20,401,413.22 more than last year. The total number of collection cases closed is 105,739, which is 2,607 more than last year at this time, and the total number of collection cases opened is 116,810, or 27,031 more than last year. The current

number of open active collection cases is 47,974. She does anticipate there are approximately 40,000 that are not included in this report.

Commissioner Moyle observed, regarding the collection cases opened, that we expected more cases to be opened but with a lower associated dollar amount and asked if that is what happened? Ms. Coulson replied that this morning there were approximately 47,000 cases with approximately \$47 million, so the average is about \$1,000 per collection case.

Commissioner Werk said that, as an agency, we appreciate Ms. Coulson taking on two roles. Commissioner Moyle said she is excited Ms. Coulson is reviewing the Appeals processes.

George Brown, Property Tax Division Administrator

Mr. Brown reported on activities in the Property Tax Division and referenced the report submitted to the Commissioners for this meeting. Property Tax Education has been increased for counties and local taxing districts about three-fold over the last year. COVID was one of the reasons for this; education had to be provided locally instead of larger meetings. House Bill (HB) 389 has created another opportunity for education, too. It changes many things associated with the budget and levy process causing some intensive outreach. Mr. Brown and Matt Virgil, Consulting Appraisers' Section Manager, just completed the statutorily required Board of Equalization training for county commissioners. This training has traditionally been offered every two years in five or six locations. This year, they had eight sessions, and all were well-received. The turnover in some county offices has been high over the last couple of years; new staff and commissioners have very little experience. Basic assessment trainings have also been increased, so there are more appraisal certification 1 classes. The certification program is statutorily mandated for personnel to be certified appraisers in the state of Idaho. The class is usually taught to large groups during the Summer and Winter schools. They've also included about 12 local classes, which has pulled several resources out of the consulting appraisers' group because they teach the basic courses. Matt Virgil has taught three of those classes over the last couple of months; it is a week-long class of usually 7 – 10 people. More attendees are not advised because the class is very math intensive.

Urban renewal trainings have increased because HB 389 has an Urban Renewal component. There are other urban renewal law changes, so by request, Alan Dornfest, Property Tax Bureau Chief, has delivered several more classes this year than he normally would. Additionally, the budget and levy trainings that usually occur every year have increased, also due to HB 389. Another issue is COVID-related: class sizes are scheduled six months in advance and were limited to just county staff in the hope that information would be disseminated. In the meantime, there was a tremendous demand for training, so they added several classes just for non-county local governments. In summary, he could probably employ an entire bureau of professional educators as full-time employees.

The budget and levy training this year will be held in nine locations; three have already been completed with six remaining from May 26 through June 11, 2021. They will also be meeting with the cities at their conference and with the county clerks and commissioners at their conference and discuss HB 389 and budget and levy concerns.

Property Tax Education is pleased to be hosting a workshop in Boise designed to enhance the skills of facilitators that deliver training regularly. There are 32 available seats and anyone in the Tax Commission is welcome to attend. They are excited to be able to provide training for the whole agency. If this works well, they will schedule more in the future.

The Property Tax Technical Support Bureau, which provides programming to the county assessors and clerks so the budget and levy, appraisal, and tax bills go out accurately and on-time, already had a programming package of media changes ready to go when HB 389 was signed. Within two hours of the Governor's signature, the media package was being incorporated into the 44 counties. That was a tremendous amount of work so late in the budget and levy and appraisal season because of the legislative session ran late this year. The counties were waiting to do a job they would normally have already completed, but everyone was waiting to see whether HB 389 would be signed, and they were ready when it was. The Bureau did a tremendous job. There are a couple of new employees in that unit, too, and this has been mostly seamless.

Property Tax has two Certified Public Manager (CPM) graduates: Tony Magnelli and Kathlynn Ireland. Kathlynn Ireland's capstone project was a study on possible upgrades to the Property Tax Reduction (PTR) "circuit breaker" program. Many of the upgrades involve GenTax and are now being incorporated. She has shared the associated 89-page report detailing the project. Tony Magnelli is a programmer in the Technical Support Bureau (TSB), and his capstone project focused on UAD Web. The Property Tax Division provides a web-based tax program free of charge to any county that wishes to use it. Phase 2 of the UAD Web project, which we've been attempting to finish for about 5 years, is a computer aided mass appraisal (CAMA) system – a program that helps appraise property. Mr. Magnelli's project was to finish the programming for that system. Within two years of beginning this project (where there wasn't even a dashboard) he will begin beta testing within the next two months. Mr. Brown added that he believes the CPM program is incredible; it gives certain employees an opportunity to work on something beneficial for the agency that, perhaps, keeps getting delayed. This program is very beneficial for these employees' education as managers and administrators. They gain an understanding of things they might not have been able to experience otherwise. It allows the opportunity to work in conjunction with people from all over the state and various other agencies. He completely supports this program and hopes we can continue to participate.

Commissioner Moyle commented that it's been an intensive time for Property Tax. Mr. Brown said there have been myriad changes to how the budget and levy process, especially local government budget processes, are done. HB 389 is extremely difficult because the changes it created are very work-intensive and required a great deal of programming. Some of the other things, from the budget and levy education standpoint are important, but don't require programming, for the most part. Those changes involve where to put specific numbers or calculate in a certain way. HB 389 is literally a sea change in how the process works and that has been very difficult to communicate to our county partners. Many, especially the smaller counties, rely wholly on the Tax Commission to run their system, to tell them exactly what they need to do and to check that these tasks are completed. There have been multiple changes, including urban renewal, over the last year or two that have created many opportunities for adjustments to the system. Commissioner Moyle said that even though HB 389 is ongoing, the one-time adjustments can create bigger headaches for the Property Tax Division.

Commissioner Werk asked who determines who will be removed from the circuit breaker program (based on a provision from HB-389) because they have a house that is worth 125% more than the median price of a house in the county? Mr. Brown said it is ultimately the Tax Commission's and the county's responsibilities. The difficulty is that the Tax Commission doesn't have parcel-level data, therefore the counties will be primarily responsible. They have the initial application and should be looking at the parcels that have the homeowner's exemption (a homeowner's exemption is required to qualify for circuit breaker) to determine whether the parcel value takes the homeowner out of the program. We anticipate several thousand to be dropped because of that. Commissioner Werk followed up, asking if the county will be responsible for determining the median home price from the prior January? When does the median get determined by the county? Mr. Brown said January 1 is the lien date; everything is valued as of January 1, so that is correct. The budget and levy cycle is based on the value of the homes on January 1, 2021. He anticipates that his crew will help counties figure out those medians, then we will provide those to the county (depending on the county). Many of the homes that will no longer qualify for the PTR program will be in the larger counties that have the resources to do this work. The application will then come to the Property Tax Reduction unit and they will process them normally. Property Tax will receive many questions, but ultimately, the county has the initial responsibility to determine which properties no longer qualify for the program based on the provision in the new law. Long-term, the law complicates what we are trying to accomplish with the circuit breaker; Mr. Brown said he'd like to have it more centralized and have the counties less involved, but when only the counties have specific sets of information available, it keeps them involved and requires even more local effort. This will be an ongoing process over the next couple of years and will depend on whether there are more changes to the law in coming Legislative sessions. He anticipates more changes to the PTR program.

Chairman McCray thanked Property Tax for recognizing the opportunity for education, saying Mr. Brown and his team have been proactive in setting up these classes and teaching opportunities that were needed this year. Well done for providing that service to our customers.

Rick Mascall, Revenue Operations Administrator

Mr. Mascall reported he believes we have received some “breaks” this year. When the federal government moved the tax filing deadline from April 15 to May 17 and we followed suit, it seemed to smooth the volumes that we normally process; there wasn’t as much of a backlog as in previous years. Having said that, coming into May 17th, we did receive a great deal of mail. There are about 12,000 – 15,000 pieces of unopened mail as of today. The goal is to have that mail opened and deposits made by the end of the month. The deposits will still be within this fiscal year. Overall, our individual income tax returns are about 862,000; there are approximately 140,000 remaining during the year. About 410,000 returns have refunds, which seems to be up about 5% over last year. There are about 65,000 business income tax returns, or about 60% of what we expect for the rest of the year.

The electronic data management (EDM) team takes phone calls dealing with the taxpayer access point (TAP). These phone calls have a range of different topics, but this last period, over the last 45 days, they have been watching to see what kinds of things came in and there is an increase in the number of people calling with username/password issues and around payment changes. The payment changes weren’t surprising because of the date move: people who had scheduled payments wanted to change the due date, so they had to call and cancel. The username and password issues caused concern so EDM worked with TAP Coordination, in Management Services, and believe they have a solution that will reduce the numbers of those questions. One of the biggest things was to extend the expiration time on the verification email: when someone tries to reset their password, they get an email to reset and that email expired after 5 minutes so they are extending that time to hopefully reduce some of those issues.

Human Resources has been challenging in Revenue Operations this year. They’ve lost 10 people since he’s been here. They’ve been able to replace most, with nine new hires, but it hasn’t been easy. The market has been difficult. Many times, we can’t attract the top candidate and must move down the list. Seasonal employees also present a challenge: we had estimated needing about 72 people and were able to hire 72 – HR did a great job using different methods to get people to apply, but there were still challenges with that. Many people on the list wouldn’t answer phone calls or they wouldn’t interview. For whatever reason, we just couldn’t get them in the door. Once we got them in, there was a fairly quick turnaround. We quickly went back down to 46 though, where we are now. Over the period of the tax season, they left faster than we’d hoped, which left us somewhat understaffed for the season. There are a variety of reasons ranging from non-COVID-related health concerns to those that found other opportunities, either in this agency or another agency, but it was a relatively high withdrawal rate. We will begin releasing the remaining 46 seasonal employees this week. Staff were able to keep up because 11 seasonal staff in the Taxpayer Accounting area were returning seasonal staff and were already proficient. Twenty-three seasonal employees will be released this week through the middle of June. By July, all seasonal staff will have been released.

Commissioner Moyle thanked Mr. Mascall, saying he has been impressive to watch; he hit the ground running and has been very good about bringing his ideas forward and she appreciates that.

Chairman McCray asked, considering the temporary employee attrition, whether we need to change our recruitment practices, how we define the job and the expectations in who we’re looking for? Mr. Mascall said he doesn’t believe so. He believes part of what drove this was the market. He’s not convinced there’s anything we could change in recruitment that would affect that. It could be beneficial to review our processes and where we can reduce the number of temporary employees needed. Chairman McCray asked about the full-time employees. Mr. Mascall mentioned in his report they were taking other jobs with higher wages and Chairman McCray asked whether those jobs were also in state government? Mr. Mascall said some took positions within state government for higher wages, some even in the Industrial Commission for what he understands is higher wages. Chairman McCray asked if there is anything we can do about retention. Mr. Mascall said we should review that in the coming year.

Commissioner Werk asked how the refund fund is doing because there are many refunds this year and he said he doesn't know where the money for the rebates will come from but wondered about the status of the Refund Fund. Mr. Landry responded for Mr. Mascall saying it is good. There is a separate fund for rebates.

Kim Wind, Audit Division Administrator

Ms. Wind reported that right now, Audit selection is working in tax year 2017 for income tax audit and testing 2018. Tax Discovery Bureau (TDB) non-filers are working in 2015 and moving into 2016 on July 1. Ms. Wind talked about current projects saying that audit letters into GenTax should be completed by August. They had to invest more resources, between new staff and the new Business Analyst (who is doing very well), the new developers and all of them learning, it will be finished by then. The Examination Operational Automation Database (EOAD) is a federal system that tracks results as part of IRS audit activities. The EOAD/Single Year Non-filer project is supposed to be completed by the end of calendar year 2021. There has been significant collaboration. It says "single year," but often non-filers cover multiple years, and they would prefer to have "multiple years" entered if that is the case and identify throughout development so they don't have to go to the same taxpayer every year. The development team has presented some great ideas and she is very excited about the automation of audits.

Fraud is interesting at this time of year. The Fraud Team is great at identifying schemes. Right now, 54% of fraudulent returns are part of the Recovery Rebate scheme (involves the stimulus checks claimed on the IRS returns), 22% of the fraudulent returns are W-2 schemes (people who falsified W-2s to get refunds), and 5% is from the 1099-R scheme from last year. Last year, the 1099-R scheme comprised 67% of total frauds. The Fraud Team must be able to pivot all the time: fraudsters see they were caught in one scheme and try something else. As of May 15, the fraud and identity theft total that have been identified and stopped for 2021 is 249 returns for \$1,036,085. On the same date in 2020, the total number of fraud and identity theft cases was 228 returns for a total of \$753,300 in refunds saved. Again, they are doing a great job; every year it changes so the team just pivots and moves depending on what the fraudsters are doing.

Commissioner Werk asked if there wasn't one return for \$20 million. Ms. Wind replied there was, and they took that out for reporting purposes because it skewed the totals for the weekly reports, to get a better idea of what was happening. That was last year and was many millions and proof that the system works that it was stopped. It was that one return that skewed all the numbers, though.

Progress on the criminal cases is still slow but the courts have opened. There is one embezzlement case, in Twin Falls County: we are taking it back. Due to the court's turnover it spent years just sitting there, so Audit will take it back and do a civil audit so we can at least move and get the money for the state that was embezzled and the taxes that are due. They are waiting for the prosecutor to file charges on a couple other embezzlement cases, which means our staff did a great deal of work and we're just waiting for the counties to take them on, and the courts are just now opening again. There is a willful failure to pay, which is an IRS case from many years ago, that has now been resolved. The party pled guilty and is no longer in business. It is a good thing to let people know they need to pay their taxes.

In April 2021, closed audits were 1,494, with recoveries totaling \$5,433,557, compared to April 2020 where more audits were closed (1,624) but recoveries were \$2,876,442. This shows that the number of closed audits doesn't always correlate to higher recoveries, because Multistate was the \$2 million difference, and in April 2020 they were not opening Audits, but were instead trying to close the current ones due to COVID. Even though there are fewer audits closed, they are always looking to choose better audits. There is a team that looks at how to refine the selection process so they can do better audits.

High-Volume Audits (CP2000's) are still down by half. She and her staff thought the IRS was automated and isn't. They still have some CP2000's but for the first quarter of this calendar year, they have submitted none so they are shifting into other Audit programs.

Field work is still an issue since many are still not back to work in person, even though our staff are and that is causing delays, especially in multistate. But they're doing what they can. Most Audit staff have been back in the office since May 3. It's nice to see faces and the collaboration. She is excited about that.

Income Tax Audit (ITA) conducted 50 foreign student workshops during March and April via Webex for BYU-Idaho, Idaho State University, and Boise State University. This program helps many foreign students who would otherwise be calling in to ask how to figure their return. ITA has done a great job over the years providing this service.

The Contract Desk project is completed, and a staff member emailed the following comment: “I just closed my first totally paperless contract and issued a Tax Release 😊. The new system/process worked wonderfully 😊. This will certainly make everything more streamlined. Also, if someone is out of the office, we can make notes on each other’s accounts.” Ms. Wind said this area was formerly paper dependent, and she is excited that a staff member, even with all this change, had great things to say.

There are currently six vacancies in recruitment. The hiring lists are still a challenge, as mentioned earlier by Mr. Mascall. In Fraud, there are three open positions, and after two weeks of an open-competitive announcement, there are only five applicants, which doesn’t mean they will make the hiring list. They worked with Maggie Martinez (Roberts), Tax Commission Human Resource Specialist, Sr., who was able to publish announcements on multiple social media platforms to reach more people and Audit is now up to 14 applicants. Historically, they’ve had up to 40 applicants and up to 20 on a hiring list. Right now, she will be happy for 20 applicants and 10 on the hiring list. The market has truly been a challenge with getting applicants. She will have another announcement that is reopened: two have been hired, but they don’t want to hire just to hire. She wants the right person for the position. There are also four positions that are not in recruitment right now.

Laura Lantz asked that the Tax Commission please send notices of openings because she posts those on their website. Ms. Wind thanked her for the reminder.

Chairman McCray said it is nice to hear the Contract Desk process is complete. It is so nice to hear that we continue to automate. Ms. Wind responded that there are many areas remaining that can be paperless. The same contract desk – before we moved – was asked to scan everything. They had 15 filing cabinets and they reduced it to six, so it is a process and they are getting there.

Nick Landry, Financial Executive Officer

Mr. Landry reported that April’s net receipts to the General Fund were \$224.9 million or 68.82% over last April. The large increase can be attributed to this year’s filing date being moved to May, as opposed to last year’s filing date in June. April receipts were led higher by all major categories: individual income, corporate income, and sales. Fiscal year-to-date, through April, the General Fund accrued \$631.07 million, 22.95% more than April 2020. The gross fiscal year-to-date increase in individual, corporate, and sales is 27.24%, 56.57%, and 17.35% respectively. In response to Commissioner Werk’s earlier question, the refund fund currently has approximately \$250 million. The overall agency budget, through May 24, had 17.49% remaining: 18.59% for salaries, 14.5% for operating costs, and 23.13% for capital expenditures.

Commissioner Moyle thanked Mr. Landry and Mr. Bernasconi for the work we’ve done that is outside what we normally do, but specifically, for transparency purposes, the fact that we kept those accounts separately. It is such a relief. Kudos for making sure those accounts were kept separate.

The GenTax v12 Service Pack development started on May 3 and will go through July 30. Testing is expected to begin on August 2 and run through October 22. The training will start on October 4 and go through November 5. Rollout is expected to occur between November 5 – 8.

He and his team are scheduling a meeting with the State Controller’s Office leadership team to talk about next steps in the LUMA project, since it was delayed – partially due to COVID. They will know more after that meeting. The budget module is live already; acceptance testing is completed. It isn’t quite yet open to begin inputting the budget because that won’t begin until July, but it is live and available for everyone to use.

Most of the business units have been built out in Share Point. The Project Management Officers are working on communicating the plan for users to easily navigate and they hope to have that out within the next two weeks. It is a different feel than what is currently available (Tax Insider or HR Central). Everyone has their own share point sites through Teams. Commissioner Werk noted Share Point was a constant argument in the past. It was a constant irritant, with no Share Point developers and no support,

so it is nice to have some constant Share Point support and to be able to move forward with it. Mr. Landry thanked Commissioner Werk for those comments and recognized Renee Marsh, the Project Manager for this project who is working with change management for users, and Brian Dufort, who has done a great job on the development side. Commissioner Moyle asked for a breakdown on the Project Management Office (PMO) and how that is going and what it entails for him because it is a new concept for our agency. Mr. Landry replied that it is a new group of four people (technically five, including Glenda Smith, who is currently assigned to the Luma Project, but is technically the supervisor for this group). Currently, Shannon Carter is filling the role of supervisor and is doing an amazing job. Ms. Carter, Ms. Marsh, Ryan Ashcraft, and Nichole Boehland make up the group and they are doing a great job. There are still technical support discussions; they are collectively the TAC coordinators and are building depth of knowledge within the group so there isn't a single point of failure. The roles of the PMO group are still being developed. The Operations Team has discussed that the group should be managing projects. There is a balance of their day-to-day tasks as well as managing projects, but they will develop a path forward so this group can manage more projects. There is a bottleneck due to resources, mostly on the development side. There will be some things that don't get done, but there is a prioritization committee that includes PMO representation. The prioritization committee consists of Mr. Mascall, Mr. Brown, Ms. Coulson, and Mr. Landry and right now they are fine-tuning the way projects are evaluated. There is a list of projects that encompasses approximately 10 years of work. Right now, they are reviewing the strategy. With this process, they will be able to look at upcoming projects and whether those align with the strategy. Mr. Landry said they are currently working on a "Resource Board" to know where our resources are so people won't be inundated with more and more things to do. That will be a very helpful tool once the PMO completes it. Ideally, they will leverage Share Point to share information that anyone in the agency can see. This will all lead to more efficiencies throughout the agency. Commissioner Moyle said she was impressed to hear he is including strategic planning within the units because we have an agency strategic plan, but it is good that he has incorporated it into the unit-level groups to help plan projects. Mr. Landry said projects must align with agency strategy or why do them?

Lindsey Phillips is the Project Manager for the external website. They have been working with Access Idaho who has agreed to build the website for us at no cost. After it is finished, it will be our responsibility to maintain it. One of their strengths is building websites, so they are very optimistic about this process. There are already some projects they're working on, but Ms. Phillips has a meeting scheduled and will discuss a start date and see what they have available.

Revenue Operations has begun the search for a vendor to replace the imaging system. They've met with one vendor, Fairfax, already; a meeting is scheduled with Lockbox this week, and Metro Presort the week after to get more information about what the vendors can provide.

It's been mentioned by others today, but the PMO is working on the Tax Rebate Program, House Bill 380, with others in the agency. House Bill 362, which includes the \$80 million to Idaho Transportation Department (ITD) has been distributed. And finally, the account processing department is working on the distributions of House Bill 232. It is more complicated than originally thought.

Chairman McCray asked about the GenTax v12 Service Pack and whether there will be many changes. Mr. Landry replied that it isn't expected. Nichole Boehland will be managing that.

Mr. Bernasconi commented that the FAST developers will be introducing a new "Core-21" soon. This Service Pack will include enhancements and break-fixes. Mr. Landry added that the "Core-21" is developed in a different language and when FAST elects to implement that, the agency will need to ensure there are developers available with the skills necessary to maintain it. He said there is a certain level of complexity and resources involved. We will have to be prepared for our developers to work more closely with FAST, so it isn't just FAST doing all the work. The ability to develop another language is something we must be cognizant of moving forward. The release is not anticipated for approximately 2 years.

Commissioner Werk said historically, FAST chose to release multiple service packs and entities around the world that used their product were constantly in testing. There was an employee here that collaborated with other states and developed a presentation at a FAST conference describing how

agencies were being crushed by all the testing for the service packs. He believes FAST heard that group and chose to release versions instead of service packs with enhancements. It has been very beneficial. Commissioner Moyle added that FAST, at that time, was attempting to serve their customers. They received requests and were trying to accommodate every request, but it appears they have the system down a little better now.

Rhamona Grabenstein, Human Resource Officer

Ms. Grabenstein commented that she reordered the report provided to the Commissioners to ensure that employee recognitions are all together and at the beginning of her report, because it is very important to recognize and celebrate our employees.

The change in compensation (CEC) was implemented early, on April 18, 2021. There were three major components to our compensation plan: the pay line move which was approved by the legislature went into place first, then some equity adjustments in an attempt to address compression issues that had occurred over time to bring people to a level playing field, then they applied the CEC matrix and she is pleased to announce that there are no Tax Commission employees making below 73% of policy for their pay grade. This is an amazing feat because a good percentage of Tax Commission employees were at the minimum of the salary range, or 70% of policy, for their pay range. To get our employees further up into the pay range is exciting.

As mentioned by Mr. Brown earlier, the Tax Commission has graduates in the Certified Public Manager (CPM) program. Mr. Brown talked about the two in his division, Kathlynn Ireland and Tony Magnelli, and there are three others: Leah Parsons, from Audit; Shanna Deitrick, from Collection; and Auston Holmes from Revenue Operations are also graduating. The CPM graduation is scheduled for June 23, 2021. We are awaiting more information from the Division of Human Resources about how that celebration will take place, but she expects a hybrid-type event. The CPM program will launch the application process for the 2022 – 2023 process and more information will be provided when available.

There is a photo contest ongoing within the Tax Commission. It is employee-driven, so we can have photos that employees have taken, depicting various places throughout the state of Idaho. There can be no people included in the photograph(s). The committee asked for photographs that inspired the employee and that was taken anywhere in Idaho. Initially, these photographs will be displayed in the Boise offices, but they would eventually like to spread that out, so all the field offices have these same kinds of displays of employee talents. It doesn't need to be a new photograph, but it does need to be taken by a current Tax Commission employee. The small team of people on this committee moved very quickly to make this happen and Ms. Grabenstein congratulated Toni Nash in Audit, Leslie Jones in the Taxpayer Resource Unit, Celeste Schmidt in the Taxpayer Resource Unit, and Valerie Clark in Purchasing. This team determined the size of the photo needed for the various conference rooms, developed a plan and communication for the project and submissions are being taken. She is looking forward to the help of the Commissioners as judges of the photographs.

The steering committee for Safety and Security has several sub-committees. Shelli Boggie is leading the review of accidents and prevention strategies. They have already made a difference; there was an injury recently and this subcommittee was able to investigate the incident and arrange to prevent the same thing from happening again. They've created an awareness and dialogue by getting people in the room. A chairperson has also been selected for the Safety and Security Training Committee. Brett Jenkins from Collection and Karl Patton from Audit are teaming up to chair that committee. They will be responsible for locating resources and collaboration on the who, what, when, where, and how of Safety and Security-related training. The primary goal is to get CPR and AED certified people back into every location. The Cybersecurity Policy committee chair is Maggie Martinez (Roberts). They will draft a policy on what we do with our simulated phish attack information. They have only had their initial meeting and are gathering information from ITS and other resources to determine best practices and what is needed at this agency and what options are available.

The Annual [IRS] Publication 1075 Security Training is completed. All employees attended the training, but there are quizzes and acknowledgment forms still pending. The Annual Respectful Workplace training was online this year. The cycle is in-person at the time of hire and then every three

years. The off years may be online, and this year's training launched on May 14, 2021. Everyone should have received an email to complete the training by the closing date of June 17, 2021.

Human Resource staff have been working independently with employees that are telecommuting due to their own serious health conditions, communicating with their doctors, and working to get them back into the workplace. Twenty-four employees remain on the continuity of operations (COOP) telecommuting agreements, but that includes 10 employees in Revenue Operations who have not been contacted because we needed the Tax Season temporary employees to be released to free up workspace for those individuals to return to the office. HR will begin working with those employees soon.

The Idaho State Tax Commission classified employee turnover is 12.2% as compared to the statewide total of 15.7%. From July 1, 2020 to May 24, 2021 the Tax Commission has filled 118 positions with the average time to hire at 38 days. When we promote from within, that position then becomes available so there is constant activity around recruitment in the Tax Commission. Currently, offers have been extended and accepted for 11 positions and those individuals will start on June 1 or later. 18 positions are in some stage of recruitment. There are 10 positions that are not currently in any form of recruitment.

Lastly, Ms. Grabenstein took the opportunity to introduce the new members of her team and to celebrate Ron Goodsell. Mr. Goodsell has been on the HR team and in the Tax Commission, off and on, for about six years. He has helped most recently by making sure Share Point is successful for the HR team. His official last day will be June 11. His project is winding to a close. The three newest employees to Human Resources are Maggie Martinez (Roberts), HR Specialist, Sr. (Business Partner), Lorenzo Collins, Human Resource Specialist, and Cecilia Morales, Human Resource Associate. The structure of the Tax Commission Human Resource Division is that each Business Partner will be partnered with an HR Specialist. They will support teams within the agency or business units. Ms. Martinez (Roberts) is teamed with Amy Cady. Ms. Cady has been with the agency for about six years and has been in HR for the past two or three years. She is very familiar with state processes. Paired with Ms. Martinez (Roberts), who is newer to the organization, they will be a dynamic team and will support Audit and Revenue Operations. Shelli Boggie, also an HR Specialist, Sr. (Business Partner) has been with the state for 35 years (at ISTC for 3 years) and has a wealth of institutional knowledge. She will be paired with Lorenzo Collins. They will support Collection, TRU, Tax Appeals, Management Services and Property Tax. Cecilia Morales has been hired to take over Ron Goodsell's duties and has been with the HR team for the last two months. She is primarily doing payroll but also helps with employee communications and other duties. It is nice to be fully staffed again and with a structure that will help support the whole agency.

Commissioner Werk said he was struck today: it's been a while since we've been able to have people in the room for a celebration for their years of service, but he was also struck because we get a lot of new employees and it's hard to see them. He is wondering if, at some point, it would be a good idea to bring them to this meeting and introduce them. It may take up too much time, but the turnover here sometimes seems spectacular. He used to receive lists of new employees and he could go to their desks and talk to them. Ms. Grabenstein noted the "Comings and Goings" is available on the Tax HR Central page. She believes there is value in the thought, and she appreciates the suggestion. Everyone on her team who hadn't been to a meeting wanted to come today.

Commissioner Moyle commented about the employee engagement, specifically things like the photo contest, saying we all have lives outside this agency. She learns so much about people, their likes, and dislikes, and she believes that is something we can continue, and she would love to be a part of that. Ms. Grabenstein agreed and said there are people out there with some great ideas. She and Ms. Nash have discussed a "craft fair" around the holidays and getting something out now so people could get something ready. Ms. Martinez (Roberts) had commented to Ms. Grabenstein that around October, we could do something like a "Health and Wellness Fair" and she agreed to take on the responsibility of coordinating something. They have some ideas coming together, but it does take the village.

Ms. Wind noted that employee events are a part of that as well. She would love to know what happens with these projects but noted the Employee Events Committee is struggling getting people to participate and they still need a chairperson.

Chairman McCray asked who is organizing the Career Fair. Ms. Grabenstein responded that Ms. Martinez (Roberts) is organizing it; it is August 4th. She will forward the information to Chairman McCray. Brian Smith, from Collection, forwarded the information and asked if HR is interested in attending. There were earlier dates, but we didn't have the materials to make a good presentation and she wanted to do it right. The organizers do all the marketing so that is where the registration fees are spent. They publicize at all the Idaho Colleges and Universities and, of course, on social media.

Chairman McCray said he is thankful someone is taking on the CPR and AED training; it is a critical skill and to anyone who chooses to be certified, thank you in advance. It is extremely important. He also complimented the Leadership Team saying that everyone did an outstanding job of recognizing their division or department. It brings value to these meetings.

Reports on Rules Committees

Mr. Tom Shaner, Tax Research Manager reported there hasn't been much of anything going on with rules – yet. Traditionally, there is a moratorium while the legislature is in session. Even though they haven't completely adjourned, the Division of Financial Management (DFM) granted permission to go ahead and begin the process. This includes the Administrative Rules and the Legislative Ideas we present every year. We are about seven weeks behind our typical schedule. He apologized for some earlier confusion: we received some “suggested edits” from DFM. We're on the 5-year plan, or zero-based rulemaking program and we selected a couple of the easier chapters for the first year to see how the process would work. This year, we are looking at the Administrative and Enforcement and Kilowatt Hour rules. We just happened to have 10 chapters left after the Omnibus process of a couple years ago. With the 5-year plan that is 2 per year. Each year we plan to pair a relatively large chapter with a smaller one. Next year it is Income Tax and Beer and Wine. Property Tax will be last.

The Governor will again issue an Executive Order to reinstate the rules as Temporary Rules effective July 1, 2021. In doing that, we aren't making substantive edits; however, there are some minor edits. We rushed to get that on the agenda so the Commission could adopt the changes before it is recommended to the Governor. We did this because that is generally the Temporary Rules process, for the Commission to adopt them first and then they become part of the Governor's Executive Order. He acknowledged that they should not have done that for this meeting because there wasn't enough time to allow adequate input and feedback. He will send the edits to the Commissioners later today. These edits are in the previous version of the rule's chapters. DFM is expected to provide a “clean” copy by June 10 and they want the agencies, boards, or commissions to adopt those changes by June 16. We will again be pressed for time. He will send the edits out today with the understanding that these will be incorporated into the clean draft. The main difference is the few rules that were approved by the legislature in this last session. Those will be incorporated, and minor things will be updated.

They will have their first Public Rulemaking meeting tomorrow at 1:00 p.m. in this room. There isn't much of an agenda because they aren't working on any rules yet. It is an opportunity for the public to offer suggestions. It may be a short meeting. There isn't much excitement around Administrative and Enforcement rules since much of that is written by statute. They've also received permission to proceed with legislative ideas, but because we are so far behind the typical schedule, they won't be sending the agency-wide request for ideas this year. There is a review committee made up of Division Administrators to look at legislation during the session. Things like fiscal notes, and the like. Now that this session is ended, for the most part, they will put together a *Sine Die* report that within a week or two we will bring to the Operations Team. This will ensure that all departments are aware of what was passed and the possible impact of the new statutes. They would like to keep that committee going throughout the year to help with the initial collecting of ideas and vetting of those for the Commissioners. Mr. Landry has explored the option of utilizing the new Share Point to streamline and automate the process. They are looking at a process where someone could fill out a form, which would be submitted through their supervisors, to present input. A list would populate that could be forwarded to the Commissioners. Currently, the process is extremely manual in that individuals must send Mr. Shaner an email and he then transcribes the information into another document to present to the Commissioners. To discover what was discussed in a previous year, he must search through his emails to see who said what. He believes

this deserves more of a process and should not be dependent on his emails and his memory of what was supposed to be on the list. He has a list based on submission. There are some things on there from the previous year because we pulled a couple of bills from legislative consideration and agreed to work with the ISCPA and the business community aiming to reintroduce for next year. He will forward that list with a description to the Commissioners. There is already a meeting scheduled for June 2 to discuss these with the Commissioners. The deadline for verbal approval is June 16 to DFM. They've asked us to start several weeks later and end a few weeks earlier than normal.

Commissioner Moyle asked that Mr. Shaner forward the *Sine Die* report to the Commissioners, as well as the Operations Team. Mr. Shaner said as soon as it's ready, he will email it to the Commissioners. It's segregated by tax type and there are processes (transportation funding) so everyone realizes what bills affect their areas.

Commissioner Werk mentioned that when we have bills with a broad effect, it has been difficult for us to get an approval and to be able to talk with people. If we want to make a change that affects the business community, you want the community involved in those discussions. He is hoping that at some point, we can get out and talk to the business community, or to the stakeholders, and figure out how the legislation will affect them. Mr. Shaner said historically, we have the approval from DFM and the Governor's office by, roughly, October 1 and they would then go to ISCPA and Tax Committee Meetings to go over our legislation with them and reach out to other groups with whom we do training. This last year, with COVID, we didn't receive the final ok until December 16, and we literally didn't have any time. We are happy to work with these groups. We usually end up with a better bill when we have their input. The last thing we want is to have someone point out flaws in our bill in the legislative committee.

Other Business

There was no other business.

Public Comment

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 status of litigation to which the Commission is a party. Commissioner Moyle seconded the motion; Maria Young, Management Assistant took a roll call vote: Commissioner Katsilometes, Chairman McCray, Commissioner Moyle, and Commissioner Werk 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 noted the next business meeting of the Tax Commission will be July 20, 2021 at 9:00 a.m.

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

Maria Young, Secretary

Jeff McCray, Chairman