

IDAHO STATE TAX COMMISSION

COMMISSIONERS' BUSINESS MEETING MINUTES OF MEETING JULY 19, 2022

This meeting was open to the public; however, everyone was encouraged to attend by telephone

In attendance: Chairman Jeff McCray; Commissioners Tom Katsilometes, Jared Zwygart, and Janet Moyle; John Bernasconi, Debbie Coulson, Julie Eavenson, Evan Sailor, Rick Mascall, George Brown, Rhamona Grabenstein, Phil Skinner, Tom Shaner, Lisa Herriot, Financial Analyst, Division of Financial Management (DFM).

Public Session

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

Recognition of Certificates of Service

Chairman McCray recognized Rhamona Grabenstein, Human Resource Officer to present Certificates of Service for the following employees.

Jase Cundick, Tax Appraiser, Consulting, Property Tax/REMOTE, 5 years; Wes Dickens, Technical Records Specialist 3, RO/IDO, 5 years; Keagan Ethridge, Tax Auditor 4, Audit/Tax Discovery Bureau, 5 years; Naomi Leppell, Tax Auditor 2, Audit/Tax Discovery Bureau, 5 years; Ian Vrable, Software Engineer I, Property Tax/Technical Support, 5 years; Courtney Baldwin, Project Coordinator, IT, 10 years; Joan Johnson, Technical Records Specialist 1, RO/IDO, 10 years; Kevin Jones, IT Manager II, Property Tax/GIS, 10 years; Aaron Butikofer, Tax Audit Manager, Audit/Pocatello Field Office, 15 years; Lori Millonzi, Taxpayer Services Representative, TRU/TPS, 15 years; Glenn Dalton, IT Systems Analyst, Software Engineer III, Property Tax/Technical Support, 15 years; Toni Friend, Tax Compliance Officer 3, Compliance/MOB, 25 years.

This is a combined total of 125 years of service. Chairman McCray said it's always a pleasure to see these many years of service. It's nice that all these people started in one position and promoted through either multiple or additional positions and made a great career with the Tax Commission.

Business requiring a vote of the Commission

Minutes: Regular Business Meeting – May 9, 2022

Commissioner Katsilometes moved to approve the minutes of the Business Meeting held on May 9, 2022. Commissioner Zwygart seconded the motion. There was no discussion; all Commissioners voted aye, and the minutes of the Business Meeting held May 9, 2022, were approved.

Minutes: County Hearing on the Treatment of Homeowner's Exemptions – May 11, 2022

Commissioner Moyle moved to approve the minutes of the County Hearing on the Treatment of Homeowner's Exemptions held May 11, 2022. Commissioner Katsilometes seconded the motion. There was no discussion; all Commissioners voted aye, and the minutes of the County Hearing on the Treatment of Homeowner's Exemptions held on May 11, 2022, were approved.

Administrative Reports

John Bernasconi, Chief Operating Officer

Mr. Bernasconi welcomed Lisa Herriot from DFM. She came yesterday and toured the building, and it was a great opportunity to communicate with them about what we do and how we do it, and he appreciates her support.

Mr. Bernasconi said the Tax Commission works every day to support our vision: Great People. Helping You. Serving Idaho. During this year's recalibration, we've refined our mission: Benefit Idaho through courteous

customer service, education, and fair tax administration. It's a great view to have going forward. Strategy Recalibration was completed in May. Recalibration is a process of reviewing how the previous year went. We invite external stakeholders, hear internal presentations, and "voice of" presentations, which include the voice of the customer and the voice of the organization. We heard from the legislature, the governor's office, Idaho Society of Certified Public Accountants (ISCPA) and our employees and leaders. We confirmed our goals, updated our metrics, and identified our critical success factors. Critical success factors are those things must go right to meet our mission, vision, values, and goals. Our goals remain the same: Be a team of great people, deliver professional customer service, and continuous improvement. Our critical success factors are to retain, develop, and recruit great people; align our budget with our strategy; improve customer interactions; implement operational excellence, and this year, we've added leverage technology to improve efficiency.

Our semi-annual employee meeting will be in October. For the meeting in March, all administrators and Commissioners went to the five field offices and delivered the meeting from those offices. It was very well received and gave the field office staff an opportunity to talk with the Leadership Team and Commissioners. He appreciates the Commissioner's support because it drew us closer as a team. We'll do the same thing in October.

Laura Lantz is the Executive Director of the ISCPA. The Tax Commission has worked with Ms. Lantz over the last 10 – 15 years to build that relationship because it was not solid 15 years ago; there was animosity, so the Tax Commission began participating in bi-annual trainings by going out to the CPAs in the Spring and Fall to talk with preparers. Ms. Lantz sent a letter formally thanking us for the state of communication and satisfaction her members have for the Tax Commission. She's "proud of the relationship that the Tax Commission has with their group, staff and with the practitioners." She included two comments from members that Mr. Bernasconi appreciated: "[C]ontact with the ISTC is great because you can actually talk to a person." This comment was in response to an IRS presentation wherein they had asked: how can we get better? They were told to model themselves after the Tax Commission. The other comment was that the Idaho State Tax Commission can respond to letters and allows users to upload documents. We have a Taxpayer Access Point (TAP), a portal, and we have worked very hard over the last three to four years to expand the ways a taxpayer can touch us. We are helping people by doing anything we can to help people solve their problem without having to talk to a staff member. Taxpayers who receive an identity verification letter can go into our system, enter the letter number, respond entirely, and it will come into our system, be reviewed, and likely initiate the return process without human intervention. It's a brilliant thing we're able to do and we're looking for ways to expand that.

Commissioner Katsilometes asked about contacting individuals and how we are quantifying that, as compared to six months ago. Mr. Bernasconi responded that we track metrics during our Strategy Governance meetings. We track call abandonment rates and the hold times. He doesn't have those numbers today, but they are available. We know we need to improve; it still takes too long. Because we're out in the public though, preparers feel they can reach out to the Commissioners or one of the Leadership Team. Julie Eavenson, Public Information Director, was recognized to speak and said that on page two of her report are the aggregate numbers. She reviews a weekly report and is happy to provide any breakdown requested; although, she doesn't have it with her today. Mr. Bernasconi said he believes the area for improvement is around call abandonment. Commissioner Katsilometes asked about Appeals. Mr. Bernasconi deferred to Debbie Coulson, Appeals Manager, who will present her report when he's finished.

Chairman McCray commented that he loves our vision statement because it's a great vision. One of the goals of our mission statement, during the strategic recalibration, was to make it shorter and easier to memorize. Our purpose as an agency is to know our mission. Every employee within the organization understands what we do, why we do it, and why it's an important benefit to the state. A fundamental part of that is knowing our vision and knowing our mission. We tried to make the mission statement simpler and easier to memorize, and it succinctly distills what we should be doing daily: benefiting Idaho with courteous customer service, by education and fair tax administration. Every interaction with internal or external customers should be based in our mission, vision, and values. He thanked the team for the hard work.

Debbie Coulson, Interim Appeals Manager

Ms. Coulson responded to Commissioner Katsilometes' question. The open cases in Appeals one year ago was a snapshot in time. She can't recreate that, but the current number of open cases, 254, is lower than it was, however, after putting this report together, she has, as of this morning, 40 new cases to assign. She is seeing an increase in new cases for various reasons, but they're working hard and she's proud to say they've closed many cases, including some older ones.

Ms. Coulson reported that the next Appeals Resolution Meeting is August 3 and is open to the public. The following Appeals Resolution Meeting is scheduled for August 31.

Appeals continues to work to determine strategic alignment for next year's project list. They're adding reports into GenTax so that anyone can pull an ad hoc report for their statistics. She is also working on final drafts for letters to go into GenTax, specifically the Hearing Rights letters, so there is a time stamp on the letter, and they will know, and can say exactly when a letter was sent. Currently, an Appeals Specialist must image the letter, after it's sent, upload it to GenTax and attach it to the case.

The current open cases, as mentioned earlier, was 254 when she compiled the report before the Commissioners today. There are the 40 cases she mentioned earlier waiting to be assigned. There were 491 closed cases in FY2022. That is an increase over last year and she's happy to report that the average age for appeals cases is 246 days, a decrease from a little over 400 days.

There are no current vacancies in Appeals, and she is very happy about that because of the number of cases. It's been business as usual in Appeals and the average caseload per Specialist is 37 cases. That will increase when she assigns those 40 cases. Ms. Coulson provided a breakdown and overview of the types of closed cases and outlined the types of case resolutions that have been processed through the Appeals Division over the last year. Mr. Bernasconi was recognized to speak and asked if some of the increase in Appeals cases this year is because the prior year was down due to COVID and consequently fewer audits? Ms. Coulson responded that there are more appeals cases coming from Audit than there were last year.

Evan Sailor, Compliance Division Administrator

Mr. Sailor reported on the development work orders, or SQRs, currently open in Compliance. They have 25 open projects, which is manageable for his staff. Sixteen of those are enhancements, nine are errors; none are high priority. The Responsible Party Due Process automation is in testing and about to go live. This will automate the process to transfer liability from a business to a responsible party, which has historically been a manual process. The X-9/E-Levy is still in process, although it was reduced in priority behind the Responsible Party Due Process project work, and they continue to work with Chase Bank. The X-9/E-Levy process will help to find the levy sources electronically instead of manually once it's in place. Professional Credit Agency is now onboard, and he hopes that will be active by the end of the year. This will allow us to outsource some of the older caseloads to Professional Credit. He's still expecting a 4 – 6-month project and is hoping that by the end of the year it will be live. Compliance will send them individual income tax, business income tax over a year old that has a lien, as well as some of the permit-based accounts. He is excited about this one. Additionally, they are automating the additional liability letter which is another manual process.

For the fiscal year-end statistics, as of June 30, Compliance created 124,665 cases. They closed 142,294 cases. The good news is they closed more cases than they opened. Over the last 20 years that has only happened seven times. He's very happy they've closed almost 20,000 more than they opened. It's slowly begun to increase, but currently, they have 58,957 cases open and assigned to officers. Twenty years ago, that number would have been in the mid-30,000 range. The new number reflects the growth in Idaho; 60,000 is the average this year. Total recoveries this year is \$249 million. Last fiscal year, it was \$180 million and in FY 20, it was \$145 million. This also reflects the growth in Idaho. As the state has grown, the accounts receivables have grown. Of the \$249 million recovery, the three biggest tax types were individual income (\$91.9 million), sales tax (\$87.5 million),

which is a high for Compliance Division. Normally sales tax is about \$20 - \$40 million, but this year it was only \$4 million, lower than income tax, and he doesn't know why. Withholding recoveries were \$53 million.

Mr. Sailor talked about Compliance Division's 6-tier training system. The feedback from the newly hired staff members was they still felt overwhelmed with trying to learn all the tax types at once. Lynn Howard, the Training Specialist, developed a linear system with phases. Phase 1 is only individual income tax, and how to collect on small income tax. Once staff develop a proficiency with that, they will move on to sales tax, then phase 3 is withholding and after that, they can introduce any complexities needed. The feedback has been that this system is more manageable and people can still go home and sleep at night and retain what they have learned.

Compliance Division accomplishments include risk mitigation: predictable is preventable. They've just updated their seizure manual. The processes were good, but they've added a seizure analysis worksheet; before a seizure, the officer will complete the worksheet and turn it into the supervisor who will decide whether we should go out. They also added a detailed operational plan to complete which will be attached to the seizure worksheet when they go out. Compliance is still assisting Revenue Operations. He's received positive feedback about that, and they're still helping taxpayer services with phone calls. Mr. Sailor is very proud of his team.

There are five open Compliance Officer 1 positions in the Boise office. They've promoted two people from Compliance Officer 1 to Compliance Officer 2. That's a good thing and increased the Compliance Officer 1 vacancies from three to five. Since the last Business Meeting, they've hired six Compliance Officer 1s and they have two more promotions.

Commissioner Katsilometes appreciates Mr. Sailor talking about recoveries on sales tax and asked if he has a general idea why that number has increased. Mr. Bernasconi was recognized to speak and said there is a "Rebate Effect." In the last two years of the Rebate (2021 and 2022), we've offset about \$9 million in tax debt. If an amount of debt had a responsible party notice of deficiency (if there was an individual tied to the sales tax debt) we were able to offset the rebate against that. He wonders if, over the two years (about \$9 million per year), \$18 million is attributed to the rebate.

Commissioner Katsilometes asked Mr. Sailor to go over the Professional Credit Agency again. He's unclear on how that will work. Mr. Sailor said they had initially thought it would take six months or longer for development. FAST developers must work with Professional Credit developers on the exchange of information. Montana, Oregon, and Utah use Professional Credit Agency which has helped the FAST developers communicate with them about how the files are transmitted and to understand what needs to be built and developed. The new estimate for completion is about four months instead of six. Additionally, Management Services must be able to balance the books. The agreement is that Professional Credit Agency will receive 17.5% of the tax debt as payment. There are approximately 2,000 out-of-state debts that have been entered as uncollectable, but Professional Credit has attorneys in all 50 states and can file judgements on our behalf in those states. If they use their legal team, they will receive 33% of the debt. We must build that part for accounting to run the numbers.

Commissioner Zwygart asked about the automation of the letters. He is supportive but asked if we are keeping in mind the crossovers that may happen and to try to catch those before they happen. For instance, someone may receive a letter and send a response, but in the meantime, another demand has already been mailed before the response is received. Chairman McCray said he had the same question and asked Mr. Sailor to please walk through the process because he's concerned the taxpayers will be confused. Mr. Sailor responded that these cases are already open. An officer has been communicating with the taxpayer and will let them know a letter is coming. Mr. Bernasconi was recognized to speak and said the key is that there is already a person assigned to the case and there is a relationship between the Compliance Officer and the taxpayer. The letter will have that officer's name included. The taxpayer can easily reach the person assigned to their case. He hopes any issues, while unpreventable, will be mitigated by that fact. Chairman McCray commented that the letters should be as clear as possible; Mr. Sailor said all the letters go through the Warbis Process.

Chairman McCray noted that when he recently visited the Field Offices, he received positive comments about the Compliance Officer Training, with some saying it is some of the best training they have ever attended. We also recently conducted Suicide Prevention and Awareness training and he has received positive feedback on that, as well. He commended Mr. Sailor's training program and Lynn Howard for her implementation of it.

George Brown, Property Tax Division Administrator

Mr. Brown reported this is the end of the appraisal cycle. Most counties have finished their Boards of Equalization; only a few that have asked to extend for various reasons. We will begin the State Board of Equalization in August, so the Operating Property Bureau is working feverishly with various operating properties on possible appeals. He noted that the Tax Estimator program is available for property owners to be able to log in, enter two numbers from the assessment notice, and it will estimate how much their property tax will be in the coming year, within about 1% – 2% accuracy. Thirty-nine counties participated this year and that is a record. It's a fantastic program for taxpayers and counties because many taxpayers aren't so anxious about their assessments. He appreciates the work done on that program.

The Technical Support Bureau is busy distributing checklists and programming for the counties assessment drives. They manage most of the software in most of the counties. The geographical information systems (GIS) section has an incredible amount of mapping data and through the past several months, they've cleaned up that data and added metadata: when a piece of information is changed, no one has historically been able to know how it changed. When they were auditing a map or a rate in a certain tax code area, they couldn't see how mistakes were made or why things were done. They've incorporated all that information into every piece of information back into the 1990s and they can now see who made the change, when it was made and why. They are now better able to manage the map parameters and everything behind the map parameters including values, zoning, and urban renewal. It's been very helpful.

The last two Unitary Valuation Appraisers, Erica Taggart and Kyle Rayworth are now certified by the Western States Association of Tax Administrators (WSATA), so all appraisers are now certified. Operating Property values have increased about 7% this year. That is a significant increase for operating property because it tends to be less volatile than residential property.

We continue to increase educational opportunities in the state. There are more people in the state, therefore, more appraisers in the state, and more county staff, including many new staff. They've had relatively large training events. They conducted 20 half-day Budget and Levy workshops with 554 registrants. They could legitimately have these workshops weekly, year-round, if they had the capability to do so. These workshops are for the staff in clerk, assessors, and treasurer's offices to understand how the budget and levy process works, where to put what numbers on the right form. Summer School begins on July 25 and there are currently 374 registrants, which is strong. The counties have begun to come back from COVID and are attending more events. There are 29 counties sending students, and Oregon, Nevada and Washington are sending representatives. This is the largest appraisal school west of the Mississippi. It is a big deal in the property appraisal community, to have an appraisal school like this and Jeff Middleton does a very good job managing it. There are 23 in-person courses that will be held at either this building or the Riverside Hotel, Boise.

There are currently four county Board of Equalization extensions and there may be another. An extension occurs when the county Boards of Equalization cannot finish their appeals business by the deadline. They ask for an extension and Commissioner Katsilometes granted it. Boise County didn't get their assessment notices out until about six weeks after they should have due to a server crash. They will conclude their business just before the state Board of Equalization convenes.

He has the same five vacancies upon which he has previously reported and looks to fill those once this season is complete.

Commissioner Katsilometes wants to ensure that DFM knows the school is self-funded. Mr. Brown said the revenue that funds the school is paid by the counties. Property Tax charges approximately \$105 per day, per student. The counties pay their own lodging and Mr. Middleton monitors it. They try to take in only as much as they spend. He would imagine that will change due to inflation. The Riverside has already said their cost will increase significantly. Property Tax also pays for the instructors that come in from all over the country. Commissioner Katsilometes asked about the 39 counties participating in the tax estimator program and whether they educate the taxpayers on how to use the estimator, or if the State Tax Commission does. Mr. Brown replied that it's more about letting taxpayers know that the tool is available; it's a relatively straightforward tool. Some of the larger counties have been getting that information out. We've had press releases and interest from local press outlets on the program this year. He believes that has helped people know to use it, and counties want to use it. While there are large increases in values, that doesn't mean the taxes have largely increased, as well. It shows that taxes didn't go up relative to the value.

Commissioner Katsilometes noted that one of the Commission's statutory duties is to have a meeting once per year to re-evaluate the timber values throughout the state. He asked Mr. Brown to explain why the Committee on Forestland Taxation Methodologies (CFTM) hasn't met this year. Mr. Brown said currently, we don't have names for that committee. Counties name five members of that committee and we haven't received the names of anyone to invite. Industry also has new people. Commissioner Katsilometes said the Idaho Association of Counties (IAC) provides names and we've contacted them; however, we haven't received names yet. Mr. Brown noted there are new assessors, and they may not know who to name.

Chairman McCray asked about the four counties who've asked for extensions and whether we are concerned they won't meet their deadline. Mr. Brown said he isn't concerned. Kootenai County had many appeals, and they received a significant extension; they're hearing appeals 8 – 10 hours per day. The other counties are small. Boise County just sent their assessment notices out, and their appeal period hasn't even run; but they seldom have more than 12 appeals. The other two counties have very specific requests.

Rick Mascall, Revenue Operations Administrator

Mr. Mascall said this year, income tax electronic filings are at almost 90%. This is an increase over last year. There are still some returns that will arrive later in the year that may lower that percentage. The volume of refunds is about 13% higher than last year. They've processed about 650,000 rebates so far this year. It's important to note how proud he is of his team this year and how much they've been able to move. The forecast was to receive about 1 million individual income tax (IIT) returns, and he expects that number to be very close. This is very impressive because they've been able to process those with many fewer people this year. They had about 10,000 fewer seasonal employee hours than they have in the past: in 2019 there was about 34,000 hours, which was a typical year, but this year, they've had about 24,000 hours, and they've been able to get all the refunds out. The edits have been down slightly but have begun to increase recently. An edit occurs when a return requires some sort of manual intervention. Roughly 8% need some manual intervention. That is a high number and important because the type of intervention determines how much time must be spent on that return. It's important to note because last year there were about 58,000 returns that required manual intervention. This year there were 65,000. As reported in a previous Business Meeting, they've added automation to eliminate some of the edits required, removing some of the front-end editing that is caused through the Account Registration Process (when a new tax filer is recorded). That isn't the problem now. They've moved the edits further down the chain, so the edits are more complex, and that is driving some of the current backlog.

They've also had other challenges with the IIT returns. He mentioned there were fewer seasonal employees, but there are also fewer full-time employees. He's very proud of those that have remained. They've moved many of the seasonal employees into the permit groups to reduce the backlog there. Additionally, 9 of the 21 IIT staff are new and were in training for the first half of this year, so the rest of the staff were keeping things going. They've done a very good job this year and most of the new people are about to complete their probation.

Two months ago, the permit backlog was very high. Mr. Mascall said he is very happy that Audit and Compliance Divisions could help get those caught up last week. They are coming into another filing period, so the numbers will go back up, but it's important to keep the backlog to a certain number of days. The Permit Staff had almost 100% turnover, so almost everyone that handles permits or applications will have a probationary review within the next three months. It's a big deal for processing registrations, sales tax returns, and withholding payments. They wouldn't have these numbers down without people like Pocatello Field Office Manager Darrel Wilde and Idaho Falls Field Office Manager Mike Tobias; he appreciates the Field Office's help.

Mr. Mascall is happy to announce that Tarra Harris has accepted the Revenue Operations Bureau Chief position. She's been with Revenue Operations for a long time and has the experience needed for that group, she has good relationships with people and will help with employee engagement and get some of the programs they need, which are focused on training, so they can get people trained quickly to be able to do the jobs they need them to do. Ms. Harris will be instrumental in making that happen.

Revenue Operations has brought in two seasonal employees to help with the IIT backlog. They are still recruiting for two more seasonal employees. Added to the new full-time staff members that are about to complete their probations, he is hopeful everything will be caught up in time for the next tax season. Mr. Mascall is very proud of the Training Plan they have implemented. The Resource Team within Revenue Operations has historically been used by various teams to help pick up backlogs. Ms. Harris recognized that they have multiple skill sets in different areas, so she, Pam McNair, the Program Supervisor in Initial Data Operations (IDO), and Kayla Osterhout, Technical Records Specialist 3, is using that team to provide Basic GenTax Training so seasonal employees and new staff can begin work sooner. The training plan includes two hours per day classroom training and testing, then they go back to their desks and work, using the skills they've learned in class. This spans six weeks and has been very beneficial. They've noticed that, as a result, they lose no production time and there's been a great reaction from staff. Even staff that have been here longer have expressed interest in taking the training. After the six weeks, they can learn more specific things, like investment tax credits, among others. Ms. Harris' Certified Public Manager (CPM) Project focuses on this, as well as Andee Harris', who is a part of the Electronic Data Management (EDM) group, and they are working together to make it one program that will help Revenue Operations address staffing issues and he thinks it will be continuous.

They currently have five vacancies. Since Ms. Harris accepted the position of Bureau Chief, her previous Program Supervisor position is vacant. Theresa West will retire August 14, 2022. Ms. West has been with Revenue Operations a very long time, but they will begin recruiting for her position, as well as two Technical Records Specialist 1 positions and one Tax Automated Specialist position in the Coordination and Design group to help with electronic filing.

The configuration preparation for the next tax year, FRED, started on April 29. The Program Supervisor in Coordination and Design took the plan for running projects seriously and got started early so by the end of the year, the configuration for the coming tax year will be ready. They've spent the last three months working with stakeholders to discover what types of things can be implemented that will help automate processes, make it easier to audit and streamline GenTax with what they can fit into that scope of work. They've included a "no records found" for Business Income Tax (BIT), like what is currently active for IIT. He expects great results. They are also looking at tying out more information from the flow-through entities; there were many edits this year that caused manual intervention. They're looking at ways to import data instead of using manual entry.

The Ida Fuels project was to remove the requirements to have an Access database at the distributor site and convert their data into something that GenTax can accept through the Taxpayer Access Portal (TAP). That is in GenTax now and they are testing TAP. He expects that to go live in August. There will be a slow conversion because the Access database is used by multiple distributors, but there are some large distributors that have their own development teams that have designed their own way of transferring the information into TAP. There will be about a 90-day transition period so their developers can get their configurations modified for TAP.

Mr. Mascall said that Revenue Operations doesn't have the customer interface that Taxpayer Services does, but they do interact with customers on a regular basis, so it's worth mentioning that the EDM group often receives calls from taxpayers requesting technical help. Mary Almadova, a Program Information Coordinator in EDM, received an email from a taxpayer saying she had been extremely helpful, and had provided "white glove treatment." Additionally, Theresa West – who will be greatly missed – takes many of the emails and phone calls he receives and turns them into action items for him. Recently she processed one and the taxpayer responded with their thanks for resolving the issue, all because Ms. West was able to track it and get it resolved quickly. Our customers aren't always external. Pam McNair also received "kudos" from the Audit Division for work she had done and how her staff worked with them to progress their priorities.

Commissioner Moyle said they've discussed before that permitting may not be best served in Revenue Operations. She asked what the last year has shown and whether we need to put permitting somewhere else to help with the backlog, because we don't want this to happen again. She wants to know where he thinks we can go with that and whether it would be better served in a different division. Mr. Mascall said he doesn't think the problem is where registration is; he thinks the problem is that the process is highly manual within the Commission. Regardless of where it's located, it still needs to be automated. He's talked with the analysts, and when the Department of Labor uploads information into our system, they send data with sometimes commas, sometimes spaces, or periods and we must go in and manually remove those. Those are things the program should be able to do, and it won't matter where it's located, it will be the same problem. He added that there's another aspect to Idaho Business Registration (IBR): paper. Paper takes time. When paper registrations are received, someone must scan them, they must be data-entered, then sent to Department of Labor. The Department of Labor does something, and the forms come back to Tax. We then have more information to enter. Revenue Operations is very professional and competent, and they are made for data entry. If data entry still needs to happen, Revenue Operations is better suited. There are several ways to re-configure that could be helpful. IBR backlogs are down significantly right now. Registration is the pivot point for every tax that comes into our system. The training has helped drive the backlogs down and he's hopeful that in the next couple of weeks, they'll be processed within seven days – which is the standard. He's open to discussion about ways to make it better, though.

Mr. Bernasconi was recognized to speak and said one of the challenges with the IBR process is that it isn't our process. It's owned by Department of Labor. It was part of the effort to reduce Idaho bureaucracy in the 1990's. There were three agencies that came together and developed a complex paper form that included all the information they needed at the time. The Department of Labor retained the electronic part of the process. They're currently in an upgrade and there's an opportunity to get better data more quickly that will help to streamline the technology some.

Chairman McCray said he appreciates the emphasis on training, and that is for everyone that's taken on that challenge. It's been a passion and priority of his throughout his career. It seems to be the first place to cut if people want to cut corners and costs, but it should be the last. What Mr. Mascall just articulated is why it's so important. Productivity increased because people are competent in their job, and they don't want to leave because they're uncomfortable in the job. He also recognized there was a tremendous amount of pressure on the organization this year. There were more tax returns to process, there is another rebate to execute, and high turnover. He thinks the team rallied well. He thanked the other teams who stepped in and took the opportunity for support. He specifically wants to recognize the Revenue Operations team because of the stress they were under. It feels there is a good plan to keep this year from being repeated. He supports them and thanks them all on behalf of the Commission.

Kim Wind, Audit Division Administrator

Mr. Bernasconi presented the Audit Division report in the absence of Ms. Wind.

Mr. Bernasconi said he used the Property Tax Estimator Mr. Brown mentioned earlier with his own property, and while the value went up about 30%, the Tax Estimator indicates only about a 12% increase in taxes. He's happy with that result. He further commented on the configuration project mentioned earlier by Mr. Mascall

– FRED. When Mr. Bernasconi became the Revenue Operations Division Administrator, the project was called AITU (pronounced: aw-to, or a-to) for Annual Income Tax Update, but he chose to pick a name that wasn't an acronym, something that didn't mean anything, but that everyone would be able to understand. He said he liked FRED so that's what it became. It doesn't mean anything.

Mr. Bernasconi noted that Audit has several development work orders (SQRs); all are in some stage of completion. Ms. Wind has submitted good fraud statistics from Fiscal Year 2022. We implemented a new product from FAST called FIVS, or fraud identity verification service, in our Fraud Manager in January 2022 and it has greatly reduced the types and numbers of letters we send for identity verification. There were several fraudulent returns identified this year; almost 80% were identified through FIVS. The other 20% were due to the work of Revenue Operations during processing or manual reviews in Audit. He pointed out that in looking at these numbers, one of the greatest things Idaho does to prevent fraud, and this goes directly to the legislature and the Governor, is we don't put multiple refundable credits on the income tax return. States with large amounts of refundable credits on their income tax returns (for example, earned income credit that mirrors the federal government) have a tremendous increase in fraudulent activity because there's more money to be made. Because we've taken a conservative approach to the way the tax return works in Idaho, it has helped us. Of the 1,508 fraudulent returns received, almost 80% were about a refundable credit, the grocery credit. About \$155,000 was requested, or about \$103 per refund, making this one of the biggest fraud schemes this year. There were 64 false W-2 returns, and there was a W-2 breach affecting 35 returns. When a preparer breach occurs, they get real information, which is valid and harder to detect, but it does get detected. There were 1,877 total returns identified for just over \$3 million; however, eight of those, which totaled about \$1 million, were over a "claim of right," which is a future effect. Those are usually easier to identify because they stand out. That's still \$2 million saved because we have a good system, and we have good people. Congratulations to the Fraud Team.

The court system has been moving slowly in all counties due to COVID; however, an Embezzlement/Filing False Return case in Twin Falls is resolved. The sentence was three years fixed with two years indeterminate and an order to pay restitution of \$3,411 which has already been paid in full. There is a False Schedule C/Filing a False Return with jurisdiction in both Ada and Bonneville counties. Bonneville County chose not to file, but Ada County has issued a warrant. We are waiting on prosecutors in Bannock, Elmore, and Kootenai Counties to file charges on cases in their respective counties. There is a warrant issued for the case in Bannock County. Additionally, in an Evasion of Sales Tax/Perjury case in Franklin County, the party pleaded guilty and was ordered to pay restitution. Embezzlement cases are always hard, because of the victims, but we want people to know that the activity is bad. Prosecutors know that tax law is clear: willful intent to defeat or evade the tax, and they are good at proving those cases. He's glad we prosecute some because it's important to keep the system clean.

Audit Division accomplishments this year include assisting the Taxpayer Services Unit (TPS), Revenue Operations and others. Audit Division Managers have done a great job making sure their one-on-ones are conducted and they're reviewing inventory to improve the audit process. They have focused heavily on this and are doing very well. More audits completed equate to more appeals. Between July 1, 2020, and June 30, 2021, they closed 16,280 audits with \$54.4 million in recoveries. In Fiscal Year 2022, from July 1, 2021, through June 30, 2022, they closed 19,263 audits with recoveries totaling \$54.8 million. Mr. Bernasconi said he believes this increase in audits to be a "COVID effect" that could explain why Appeals has more cases.

Misti Alvarez, Tax Audit Manager, helped fix and test a GenTax Error on Form 75's (fuels tax refund) that was caused by a recent GenTax upgrade. The error caused audit transactions to repost. It was quickly fixed, and all relevant parties were notified. Sales Tax Audit is currently piloting a remote training agenda allowing the Bureaus to simultaneously train new staff in Boise and in the Field. It is a significant cost savings for our new Field Office auditors. In the past, new auditors hired for the Field Offices were moved to Boise for one year, at agency expense, to be trained, and then moved back. By embracing remote training, we hope it will be both easier for them, and we're helping them stay cohesive with their work groups. It's a great effort.

Kevin Davis, the International Fuels Tax Agreement (IFTA) Commissioner for Idaho, is retiring, so Misti Alvarez will be traveling to the annual IFTA Business Meeting and will take over that role. It is a requirement of IFTA participation to have a commissioner and is who we appoint to run IFTA for our state. It's typically someone who works in the sales tax audit group, across the nation; there is a Commissioner and a Deputy Commissioner. Keegan Etheridge is also recognized for working with Revenue Operations, Taxpayer Resources, and Legal to correct the 1754 wine return and working papers. There was a statutory change in wine distributions and the forms needed correction.

There are currently 10 vacancies in Audit, which is common. We hire people and train them well, so they move on to other agencies. We also have significant internal movement through promotions. Audit is very good at training auditors and preparing them to do the good work they do. There are also some retirements, including a recent delayed retirement. Mark Stones had announced his retirement but has committed to wait. We are happy with the delay.

Commissioner Moyle commented she's glad that the Fraud department is establishing their relationships with prosecutors. Without the prosecutors, our Fraud Division goes nowhere. She also said that she's very excited about Mr. Bernasconi's Property Tax Estimator experience. She's excited to see how close we are because these are just estimates; the budgets haven't been set and that will determine what taxes will be. There were also some things done legislatively and through the Governor's office with some of the money that flew into our state that could affect those levy's as well. She is interested to know how close the estimator is. Mr. Brown was recognized and said it should be within about 1% accuracy. The only caveat is late-year elections, like a bond levy or something they can't predict. Mr. Dornfest and his team call all 1,200 districts, if there's no report, to discover how much their rates will rise. The estimates are going to be very close. Commissioner Moyle noted that the Estimator is an excellent tool. We just need to remind the taxpayers that it's an estimate.

Commissioner Katsilometes asked Phil Skinner, Tax Commission Lead Deputy Attorney General, about the criminal cases and whether he is comfortable with discussing these cases in an open forum. Mr. Skinner said there are no specifics being mentioned, just general statistics. Commissioner Katsilometes also commented that Laurie Davies is retiring again. Ms. Davies was once the Commissioner's Administrative Assistant/Secretary for many years. She has been working in Revenue Operations and is now retiring again.

Chairman McCray thanked Audit publicly for the training manuals. It has been a reoccurring theme and he will continue to applaud that. This leads to retaining and training great talent. The processes must be in place for the knowledge transfer, and he is happy people are putting those together. He further acknowledged the work Audit has done with helping and supporting the Taxpayer Services Unit, and Revenue Operations. Everyone coming together and working as one team is how we've kept things together. It's truly the organization we're trying to build.

Julie Eavenson, Public Information Director

Ms. Eavenson reported on the Taxpayer Resource Unit's accomplishments; Barbara Shelley, Public Information Officer, is implementing a tracking system for our Media, following the model used in the Governor's office. Someone will monitor our subscriptions and Google to find instances of the Tax Commission. They are also exploring the option of clipping services. There isn't anything specific to Idaho, but they're looking at the available tools to determine what might be useful to us. They have also reviewed and updated the Plain Talk presentation with Steve Taylor, Training Specialist, and it will soon be available for new staff.

The Communication Strategy is in the final stages of publishing. The Operations Leadership Team will review the final draft August 2, 2022. It is a one-year strategy to look at how we're communicating both internally and externally. This looks at what we do well and dovetails that with some best practices, so we aren't turning the whole organization upside down, and bringing in other tools to improve our abilities. Individual programs, divisions, special areas like Human Resources, will have a communication plan that outlines how we communicate with internal and external customers. These are one-page draft documents that allow them to work

on the audience they want to reach, what the message is, and the timelines. These are “working documents,” because if they aren’t working, we don’t need them. She’s asked all the Division Administrators, and some program managers, to look at the top communication challenges and include those in a communication plan. Those are being drafted and will be presented to the Operations Leadership Team by August 2nd. Once those are approved, they will begin situational training in the Field Offices. The third stage is to audit those plans and that may be done by survey, or by focus groups, and will initially occur during the first three to four months after the Communication Strategy is approved. Audits are designed over the course of the year every three to four months.

Leslie Jones, Internal Communications Project Specialist, left the agency July 22 and Pat Surline, Program Specialist, has announced her retirement on September 16th, after 28 years with the Tax Commission. Renee Eymann, Senior Public Information Officer, is looking at the positions in the Taxpayer Resource Unit (TRU) that deal with internal and external communications to define the demands of the organization today and how that will affect us going forward, with the implementation of the communication plan, and whether they have the right job descriptions and the right tasks. As they look at filling these two positions, they are looking at whether they have the right people in the right job descriptions.

Ms. Eavenson talked about what is happening in Taxpayer Services (TPS). As noted earlier in the response to Commissioner Katsilometes, they are looking at the call statistics every week. They review whether representatives are providing the right information about the time it will take to get something done. That must be monitored regularly because taxpayer representatives must be able to respond to questions about when taxpayers can expect to receive their Idaho Business Registration (IBR). They need to be able to tell them when they will receive their rebate and they’re trying to set reasonable expectations.

Ms. Eavenson is monitoring the percentage of dropped calls, which is compiled over a calendar year. So far, in 2022, there are weeks when the dropped call rate is within the 50% range; they receive that many calls. Over the last three years, they’ve seen more than a 50% increase in callers, and TPS staff have additional responsibilities. Audit and Compliance can help get through some of the calls, but with existing resources, it will not improve. There are people working at such a frenzied pace, they cannot keep up. Ms. Eavenson is very concerned that those staff will find another position within the agency, or elsewhere, because they are over worked. They come in to work and are on the phone immediately until they take their break, with no time to breathe. Some are working at 119% in TPS right now. We are doing what we can to reorganize within TPS and have established some lead positions to help Gordon Myers, the Taxpayer Services Manager. He continues to hold the weekly training sessions, because taxpayers need the correct information when they ask a question. We are using the available resources, but without additional staff, we won’t be able to keep up. She is looking at how much calls have increased over a three-year period, and the drop rates, but TPS has seen, in the last year, that emails from tax representatives have increased by 100%. When people cannot get anyone on the phone, they send a tax representative. Then they call and don’t like the wait times, so they send another tax representative. Because we cannot manage that, with the resources we have, people are put into a loop that creates extra work for staff. They’re looking for ways to track that, but there isn’t a tool to do that. We’re doing everything possible, with the resources available, to meet the expectations of the public. She commends everyone in TPS because they are calm, cool, and collected. They know more about the broad range of things that happen in this agency than anyone else. They can get people to the right place, but we cannot address the customer service demands, with the customer experience we want them to have, unless we can do something about the resources.

[Chairman McCray noted the conference line has disconnected and asked for time to reestablish the connection. Ms. Young reinitiated the conference call.]

Chairman McCray opened the floor for questions to Ms. Eavenson. Commissioner Katsilometes noted his concerns with the 36,000 dropped calls and asked if Ms. Eavenson is saying the only way to correct that, from her perspective, is to hire more people. He asked if, proportionally, Health and Welfare, or the Department of Transportation have more people answering calls than we do? It makes one wish we could receive the call and send it on quickly. He knows they’re doing that, as much as they can, but asked if we are out of proportion with

that 36,000 compared to other agencies within the state? If we are, what are they doing right? If not, then maybe it is just personnel. Ms. Eavenson responded that she doesn't believe we've exhausted all the opportunities. In answer to his first question: she doesn't know. She doesn't know to what extent other agencies have a call center as we have ours set up, but she will investigate what other agencies are doing and see if there's anything similar. To the second part of Commissioner Katsilometes' question, they've been working with Compliance Division to use the phone system better and to connect people to how they can make payments. They are exploring options to push a button and get instructions on how to set up a TAP account, or even using the hold time to deliver messages that direct people to our website. She won't make an excuse for it because there's always room for improvement. We can't be on track to process a million individual income tax returns and more people moving into the state, and more businesses. We must look at some tools and the resources we have to be able to meet that demand. She's made her estimate. She's made her request for additional people based on the workload, based on where we think we want to be. We want to be at 92%. We know we won't get to everyone. We have a certain number of people, that within the first 70 seconds, hang up. We would like to have people working at 80% of their capacity so they have time to answer tax representatives and they have time to research answers so they can help people the first time they call. The demand for services, by the increase in population, and the unfamiliarity with our tax system, when they call in - two years ago, a call would take five minutes to answer - now, we're pushing seven minutes and we're doing all that within the same resources. She won't say that people are the only solution because they're looking at everything they possibly can, and she will look at other agencies to see if there are some additional tools. She believes there is a point where we will no longer be able to use existing resources to keep up with the demand and believes we're there. Chairman McCray noted that Mr. Myers has looked at other state tax agencies and gleaned some best practices from them, so that would also be part of that investigation.

Mr. Bernasconi was recognized to speak and said 8% is something we came up with as an internal number. Scott Grothe, retired Research Analyst, reached out about 18 months ago to the Federation of Tax Administrators (FTA) and asked what their call abandonment rates were, and almost uniformly, no one was close to 8%. They're closer to 70%. Other agencies aren't getting close to 8% either. In an analysis one year ago, on a day when we had a spike in dropped calls (it was an outlier) we pulled those calls. The call manager can give us the phone number that called, and we reviewed it for repeat calls. One number called 61 times: 61 dropped calls were from one customer. Many multiples were identified. We have a challenge with people's belief in the way call centers work. They think there's a magic way to sneak around and get higher in the queue, like hanging up and calling right back. That isn't how it works. Maybe some education would help because there's no way to get through faster by doing that. It just gets you to the end of the line you were already in when you hung up. The other thing is that the standard has been that a question is answered with the first person to take the call; that the worst thing to do is transfer someone, because by the time someone is found to transfer to, the caller has been on hold longer than they should have been. They've always trained TPS staff to be the first line. The exception is if the case is in active collection or active audit. Those have case workers assigned and they transfer to the case worker as quickly as possible. It is the "world of generic question," and we have a great TPS staff that incredibly know so much about tax. It's a great question: has Health and Welfare seen a spike and have they changed their allocation of resources? Commissioner Katsilometes said he's been calling PERSI occasionally, but they at least get you to someone. It is frustrating and he knows Ms. Eavenson can't just produce an answer, and the people in TPS do a great job. They really are talented.

Chairman McCray said this is a tough issue. He appreciates Ms. Eavenson and her team gathering best practice information and data to make an informed decision. And 92% sounds like a wonderful goal, but what resources would she need to apply to achieve that number? Are we fully utilizing the resources we have available? Is that the best use of funds versus training? It's always a balance. We could put 400 people on the call center and get 95% calls answered, but are we utilizing the times and resources in the best way possible? On the other side, if we go too few, we're in the situation we may be today, where people are being burned out. The only way to answer that is with good data and information to make an informed decision.

Ms. Eavenson said the attitude of the people in TPS is phenomenal. They are glad to be there. They'd talked about moving them and while they'd like to have "normal" office space, they all looked at each other when

discussions started about moving them into two different places; if that happens, they'd lose their collaboration. They're able to answer a caller because they can ask the caller to "hang on for a second" and the representative can ask a co-worker sitting next to them and get an answer. While they're stressed, there is a dynamic she loves and wants to preserve that.

Lisa Kopke, Financial Executive Officer, Management Services

Ms. Kopke thanked our new DFM Analyst, Lisa Herriot for being here today and reported they've successfully closed Fiscal Year 2022. They're still working on the Field Office security enhancements. She talked with Ms. Herriot and David Hahn, our previous DFM Analyst, yesterday about our opportunities to get the Field Office security enhancements project going again. Security is our utmost concern for staff, regardless of where they are. We have received the purchase order from the vendor and if resources are available, the Field Offices will all have the same security features that are currently enjoyed at the Chinden Campus location, which includes the badging system and the video feeds that are fed to the Capital Mall Security Team.

Furniture for the Idaho Falls office relocation was purchased just prior to the end of the fiscal year. The vendor will store everything and we're working with Health and Welfare to finalize the last of their move from the third-floor office space we will take over. This move will increase growth and has given us the opportunity to replace all their furniture, which is well beyond its useful life. This will also help improve employee engagement. There were some Fiscal Year 2023 furniture requests that were rejected during the budget-setting process, but she worked with Mr. Hahn and much of the outdated furniture in all the field offices will be replaced. It was purchased and paid for at the very end of the fiscal year.

They're working on a taxes receivable report. This is a key project is because the State Controller's Office (SCO) and DFM use the information to help build the economic growth plan for the state of Idaho. They're working on a plan to provide reporting with better numbers. That closing package is due by the end of August, or in early September and is about 70% complete.

LUMA is also on the projects list and is expected to be live by December. She doesn't have information yet on what that means for us as it relates to revenue recognition. Her plan for now is to continue relying on Navision and doing the same things they've always done, but in conjunction with LUMA; however, if LUMA isn't ready to recognize revenue, they will be able to continue as normal.

Ms. Kopke has been tracking three house bills this year. Two were rebates (Rebate #1 and Rebate #2). Those are continuously appropriated funds, so Rebate #1 will continue until the project is over. She noted the reason she still reports on these is because they are very large, both in volume and in dollars. It is agency-wide, and everyone has played a part. Even though we process returns, get the payments ready, and send it all out to the taxpayers, there's another piece. We've done a great job partnering with SCO, who prints the checks, sends them out on our behalf, then reports back to us so we can update our system, and the State Treasurer's Office (STO). Their volume increased substantially, especially for direct deposits, which caused them extra work. They've been very gracious to take this on and have provided feedback on how we can improve flow and volume. She appreciates the great collaborative effort. For Rebate #1, there were 732,849 rebates processed for \$206.9 million; for Rebate #2, they've processed 665,835 rebates for \$219.7 million. Those numbers are still growing.

House Bill 362 is the changes in sales tax distribution to the Idaho Transportation Department (ITD). ITD had a cap this year of \$80 million. Once that cap was hit, she switched the distribution from ITD to local highway districts. They had anticipated hitting the cap about the end of April. They hit the cap in May, so in May and June, the local highway districts received a substantial amount of money.

The revenue in the state of Idaho is very large. June's net receipts and accruals to the general fund was \$427 million. That stays in the Refund Fund and goes back to the general fund, statutorily, except for \$1.5 million, on June 30. Total receipts and accruals to the general fund was \$5.8 billion. The fiscal year to date accruals through June is up 21.45%. For our budget, with the guidance of DFM, we did well with our salary

savings. We implemented the change in employee compensation (CEC) early, paid bonuses, purchased furniture, and we still had money remaining. There will be \$715,000 in personnel dollars reverted, \$336,000 from the operating budget, and \$1,200 from the capital outlay budget. Those will be included in the closing packet and will appear in the FY24 budget.

Ms. Kopke is the Operations Leadership Team representative for the Events Steering Committee, which is entirely employee driven. The first annual Family Day is planned for July 20th. Jillian Cobbler, of Audit, and her group have worked very hard to keep staff informed, including security, to get families in the door to show off what a great place this is and the great work we do. The Annual Employee Picnic on June 16th was a huge success. Staff loved dunking everyone. She thanked everyone for coming and the Commissioners for serving all the food.

There are a couple of positions open in Management Services. One is a Storekeeper that they're looking to change. They've grown by one position. Toni Nash, Administrative Assistant previously in Audit has come over to Management Services because most of her role is in purchasing. She has been a tremendous help in the fiscal year end. She processed invoices and is now performing some accounting functions.

Commissioner Katsilometes asked about the employee picnic and whether there was an award for best costume. Ms. Kopke said there was an award and Evan Sailor, Compliance Division Administrator won as Batman. Commissioner Katsilometes said it was a great event.

Mr. Bernasconi was recognized and said the LUMA date is not official; therefore, we cannot rely on that date. The State Controller's Office has not officially released a "go-live" date.

Commissioner Moyle said she isn't a fan of the Idaho Falls move. First, we're giving up first-floor status. Second, we put a significant amount of money into the security there. How are we going to make up the safety issues? Is it salary savings we'll need to use? How are we preparing to put the safety issues back into place? Ms. Kopke said we did put money into the front wall of the building. We put in some ballistic sheetrock to stop a stray bullet. She said it was \$40,000 to \$50,000 and was done in response to another tax agency in another state that had an event. What it doesn't do is protect everyone. It provides a false sense of security. The wall is in, and it looks good, but should an active shooter come in and walk down the hall from the front windows, there's nothing staff can do to be secure. She agrees that giving up the first floor is difficult. By putting them on the third floor, taxpayers will now have to walk past a security guard, get on the elevator, and go upstairs. She believes that increases security some because there's a physical deterrent. Currently, they don't have to do that; they can walk in and turn right. They will look at ballistics later, but the way the front counter is built out, it gives the same illusion of security. Where the new front counter is expected to be has the same effect. It looks secure. Taxpayers cannot reach through the window – it's a pass-through – and there are two, instead of only one. Hopefully, it will increase the service we can provide and reduce wait time. Commissioner Moyle clarified that Ms. Kopke's answer, then, is that no, she isn't replacing the safety. Ms. Kopke said they've talked about it, and it's not in the plan, but it is available if necessary. Mr. Bernasconi added that it isn't a no. When you're evaluating a new project, "sunk cost" is not an anchor. It's a review of the value increase. There is an immediacy loss of the front ballistic sheetrock. There is nothing in the project that doesn't say we can't offset costs to add ballistic sheetrock if we feel it's necessary. It isn't a no, it's that we haven't reached that decision yet. Commissioner Moyle commented that the reason she has an issue with it is that we went before JFAC and made a huge presentation about how we needed the money for the safety and now we're saying it was a false sense of security. If it was a false sense of security, why did we go to JFAC and ask for that money? She has an issue with this.

Rhamona Grabenstein, Human Resource Officer

Ms. Grabenstein noted the information in the report she submitted to the Commission for this meeting is based on information through July 11. She is proud of the small HR team. Amy Cady and Cecilia Morales, HR Specialists, are the front line of Human Resources. They worked with all the leaders in the agency and processed 687 personnel action request forms during the last fiscal year. That is a tremendous amount of paper, so LUMA cannot come fast enough, from an HR standpoint, because it should help to alleviate most of that paper. She noted

that 65 promotions were processed. Employees are staying and growing their careers with the Tax Commission. Additionally, there were 20 lateral transfers. People who like the Tax Commission, but were maybe feeling burned out where they were, opted to try other avenues available. These, to her, are impressive numbers.

At the request of Mr. Bernasconi, she conducted a position classification number (PCN) audit. She reported there are 422 filled PCNs of the 446 approved full-time positions (FTP), with 24 vacancies; 15 are in some stage of recruitment. They are evaluating the other positions to ensure they are appropriately classified to support the agency. We need all our PCNs. There were six positions that were about to become vacant, that she was already aware of, and there are seven more to add. Five of those were promotions. We are now in some stage of recruitment with an additional 13 positions. She was sad that Maggie Roberts, Senior HR Business Partner, is moving to the Department of Insurance. She has been instrumental in representing the Tax Commission at the Job Fairs, including the Statewide Job Fair that was held at the Chinden Campus on June 8. Her last day will be June 22nd. In the interim, George Menendez will handle all recruitments until Ms. Roberts' position is filled, and Ms. Grabenstein will handle all employee relations-type issues. Mr. Menendez has scheduled a Job Fair in September. They continue to explore available options to fill positions.

The HR Modernization/LUMA Phase 2 is on track to implement the transition plan January through June 2023. The fiscal impact will be in the new fiscal year. Lori Wolff, Director of Human Resources, is working closely with DFM on the fee structure of how to handle the modernization. When plans are more finalized, she will visit with the agencies.

Strategic Planning is an integral part of the agency. She is very grateful to the Leaders who elected to continue the critical success factor to retain, develop and recruit great people. These things started in FY22 cannot be forgotten, so she continues with those, even though they aren't specific items within the new strategic plan. The Tax Leadership Series, Hire to Retire, and Emotional Intelligence training are still action items. The Tax Leadership Series has its first graduates of the 6-month program. It is a robust program. Hire to Retire is the tactical portion of HR for our supervisors and managers; how to fill a position, and what needs to happen at every stage of a person's employment. They're learning about Performance Reviews today with George Menendez. Sessions are prepared through October, and they'll start the next series with the LUMA Experience. Ms. Grabenstein and Ms. Wind are still committed to Emotional Intelligence and are working on scheduling sessions. Fourteen employees are certified through the Idaho State Suicide and Crisis Prevention Hotline on how to keep people "safe for now." We are not counselors. The training for all employees is scheduled for July 20 to teach people how to be aware and how to direct people to appropriate resources.

Commissioner Katsilometes commended Ms. Grabenstein for putting together the Leadership Series. He can see the enthusiasm in the participants. This will snowball over time. Ms. Grabenstein said there are great people attending and she appreciates the comment.

Ms. Grabenstein is chairperson of the Safety and Security Steering Committee. Brett Jenkins, Tax Compliance Officer, is the subcommittee chairperson for Safety and Security matters and arranged all the Suicide Prevention Certification training and the agency training that will happen tomorrow. In that training, they learned that 988, the National Hotline for Suicide Prevention (like 911), is active in Idaho. Also, the group who handles prevention of employee injury and accidents now has an interim chairperson, and they will be meeting tomorrow. These committees are still taking place and progressing. Nichole Boehland and Steve Taylor are putting together the IRS Publication 1075 security training.

Mr. Bernasconi noted that Ms. Young and Vonnie Larsen, Tax Commission Information Technology Program Specialist, worked together to ensure that from any phone in the agency, staff can transfer directly to 988, instead of telling someone to call the number.

Aaron Yost, Government Affairs Program Manager

Mr. Yost noted that since the legislature's Sine Die report, they've developed an administrative report across all divisions. It's in its final reviews and will be presented to the Commissioners within a few weeks. At the time this report was submitted to the Commissioners, there were only a few bills remaining that will be included in the Administrative Report. This will be a living report for the benefit of the agency to understand the relevant communication around each bill.

As quickly as the legislative season ended, he's learned, they've jumped right back into the process and are gearing up for the next season. With that, there are proposed legislative ideas that have been brought forward to the Commissioners for review. Six of those have been moved into the executive agency legislative process. There are: 1. A sales tax distribution calculation delay that came out of property tax, 2. A credit for taxes paid to another state, 3. A mobile property investment credit percentage, 4. A mobile workforce, 5. Correcting the use of 3 months vs. 90 days and using uniform measures, and 6. The annual uniformity bill.

The only other items to note are the upcoming Fall Tour with the ISCPA and the participation in the 55th Multistate Tax Commission (MTC) Annual Meeting.

Reports on Rules Committees

Mr. Yost reported on behalf of Tom Shaner, saying the rules chapters they're working on are Income Tax Rules and the Beer and Wine Rules. The overall report is that they're on track with both. There have been two required open meetings for Income Tax Rules and there will be another open public meeting soon. The second open public meeting for Beer and Wine Rules is scheduled soon.

Other Business

There was no other business.

Public Comment

There were no public comments.

Executive Session

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

The Commission met in Executive Session with its legal counsel pursuant to Idaho Code § 74-206(1)(f) to discuss the current status of litigation to which the Commission is a party. No matters requiring a vote of the Commission resulted from the Executive Session.

Chairman McCray reconvened the open session of the Commission and noted the next business meeting of the Tax Commission will be October 18, 2022, at 9:00 a.m.

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

Maria Young, Secretary

Jeff McCray, Chairman