

IDAHO STATE TAX COMMISSION

COMMISSIONERS' OPEN MEETING MINUTES OF MEETING OCTOBER 2, 2019

In attendance: Commissioners Tom Katsilometes, Tom Harris, and Elliot Werk, Justine Weaver, Kim Wind, Renee Eymann, Mike Chakarun, Glenda Smith, Mark Warbis, Leah Parsons, Michael Pendergrass, Shelli Boggie, Tom Shaner, Cynthia Adrian, Amy Cady, Phil Skinner, Maria Young.

Guests: Laura Lantz, Executive Director, Idaho Society of Certified Public Accountants; Andy Snook, Idaho Attorney General Division Chief; Andrew Mitzel, Senior Advisor, Intergovernmental Affairs, Office of the Governor; Luke Kilcup, Lobby Idaho.

Public Session

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

Presentation of Certificates of Service

Michael Pendergrass, Human Resources Officer, acknowledged the employees receiving Certificates of Service. Mr. Pendergrass noted that their combined total of 175 years of state service is appreciated. The Certificate of Service recipients in attendance were: Ron Goodsell, Human Resource Associate, Administration/Human Resources, 5 years; Lindsey Phillips, Business Analyst, Revenue Operations/Administration, 5 years; Megan Santi, Technical Records Specialist 1, Audit/Tax Discovery Bureau, 5 years; Sue Bale, Technical Records Specialist 1, Collection/Central Collection Bureau, 15 years; Jerott Rudd, Property Tax Appraisal Bureau Chief, Property Tax/Property Appraisal, 15 years; Vanessa Stucker, Tax Compliance Technician, Collection/Central Collection Bureau, 15 years; Elizabeth Williams, Technical Records Specialist 2, Audit/Fuels Tax & Registration Fee, 15 years;; Marc Norton, Tax Automated System Manager, Revenue Operations/Coordination and Automation Bureau, 25 years; Valerie Clark, Buyer, Administration/Management Services, 30 years;

Not Present: Brian Blackwell, Technical Records Specialist 1, Revenue Operations/Initial Operations, 5 years; Lorna Colvin, Tax Auditor 2, Idaho Falls Field Office, 20 years; Tim Clark, Storekeeper, Administration/Management Services, 20 years

The commissioners congratulated everyone on their service milestone and thanked those that came to the meeting to help us all celebrate.

Business requiring a vote of the Commission

Minutes: Open Meeting – September 11, 2019

Commissioner Werk moved to approve the minutes of the open meetings held on September 11, 2019. Commissioner Harris seconded the motion. All voted in the affirmative and the minutes of the open meeting held September 11, 2019 were approved.

Resolution 19-05: 2020 Stumpage Values

Rod Brevig, Forest Tax Administrator, presented Resolution 19-05 for the 2020 Stumpage Values. Mr. Brevig said stumpage values have increased over the last few years. but are beginning to plateau. Stumpage value is the value of a tree to the landowner as it stands in the woods. All the multiple processes to turn a tree into lumber are not included in stumpage values.

Commissioner Harris moved to adopt Resolution 19-05 for calendar year 2020 Stumpage Values, as presented and recommended by the Forest Tax Administrator. Commissioner Werk seconded the motion and Resolution 19-05 was unanimously adopted.

Resolution 19-06: Notice of Omnibus Rulemaking – Adoption of Pending Rule

Mr. Tom Shaner, Rules Review Officer presented Resolution 19-06 for the Notice of Omnibus Rulemaking – Adoption of Pending Rule. Commissioner Moyle joined the meeting by phone. The package attached to the resolution is just the overall edits. Chairman Harris asked how many hours have been spent reviewing these rules. Mr. Shaner said this has been the primary focus of the tax policy specialists and their committees and the rules coordinator over the course of the summer. Mr. Shaner said it is likely hundreds of hours.

Commissioner Werk expressed his appreciation to all staff who helped accomplish this task. He noted that it appears most changes involved combining the Beer and Wine rules. Mr. Shaner said because two chapters were combined, many of the questions they answered were a result of what appeared to be additional language but was simply the combining of the two chapters.

Commissioner Moyle thanked staff for a job well done.

Maria Young, Secretary to the Commission, read Commissioner Janet Moyle's written comments into record.

Commissioner Werk moved to approve Resolution 19-06: Notice of Omnibus Rulemaking – Adoption of Pending Rule. Commissioner Harris seconded the motion and Resolution 19-96 was unanimously approved.

Administrative Reports

Tax Appeals Manager, Mike Chakarun

Mike Chakarun reported on appeals cases for the first 3 months of fiscal year 2020. As of September 29, there were 302 cases in inventory with an average age of 219 days. 98% are less than 2 years old. Of the 302 cases, 65 decisions have been issued. Those decisions will be held for a 91-day period wherein the petitioner may file an appeal with the Board of Tax Appeals or district court. After the expiration of the 91-day period, those cases may be closed. The average age of those 65 cases is 364 days.

Appeals has 237 active cases with an average age of 211 days. During the first quarter of this fiscal year, 57 cases have been closed with an average age of 340 days per case. 95% were closed within 2 years of transfer to Appeals. The target is to close 90% within 2 years.

Audit Division Administrator, Kimberly Wind

Kim Wind reported she has hired Andrea Madsen as Tax Discovery Bureau's Bureau Chief. An Audit Team met with the Attorney General's office to discuss the master settlement agreement for the tobacco industry. They are beginning preparation for the arbitration for tax year 2005. Audit is moving into Building 2 the week of October 21 – 25.

Ms. Wind thanked John Bernasconi for his help and support. He is doing a fantastic job doing 2 jobs.

Collection Division Administrator, Debbie Coulson

Debbie Coulson reported that accounts receivables have grown by more than \$13 million and active collection cases have increased more than 6,200 during the last year.

Commissioner Katsilometes asked about the \$13,000,000 difference between last year and this. Ms. Coulson said it is likely due to the changes in the income tax withholding tables and those

that were not prepared for an income tax bill. The average balance on those additional 6,257 accounts is approximately \$2,000. More people owed money than expected.

Collections is still actively recruiting taxpayer services representatives and tax compliance technicians. Human Resources completed a job audit and reclassified some positions to better align with the job duties in the phone power unit; however, that has not resolved the issues in filling those positions. All collections staff have been asked to help complete over 19,000 calls over the last 2 weeks. Commissioner Werk asked about the hiring issues. Ms. Coulson said those applying are either unsuited for the job or are not qualified. She is working with Human Resources and with the Taxpayer Resources Unit to increase exposure for those positions. Because the economy is doing well, it is more difficult to get applicants. The pay cannot be increased for those positions.

Commissioner Werk asked about completing the calls for new cases that are less than 90 days old and why it is important to make those calls. Ms. Coulson said facts show that the capability to collect a debt within the first 90 days is very high. She made a promise when she began 20 years ago that they would make at least 1 phone call to the taxpayer before either knocking on the door or sending a letter. It is important to her to make those calls and calls resolve many cases. It is a critical, effective tool and many cases are closed at that stage. Commissioner Werk clarified that if we can touch a case within that first 90 days, there is a greater chance of case closure. Ms. Coulson agreed.

Mark Warbis, Public Information and Taxpayer Resources Director, echoed Ms. Coulson, saying the pay is low. While it wouldn't necessarily be low for a typical call center job, it is for what we are asking of the employees in these positions. These employees should be, and are, held to a much higher customer service standard. He is also recruiting taxpayer representative positions, as well as the taxpayer services manager position.

All but the Lewiston front offices have been secured and they will begin securing that office after October 15. Ms. Coulson expects to have everything completed by the end of calendar year 2019.

Management Services

No report.

Human Resources

No report

Revenue Operations Division, and interim IT services, John Bernasconi

No report

Public Information and Taxpayer Resources, Mark Warbis

Mark Warbis said they have gotten over 60% responses to the employee engagement survey. They will send a reminder at the end of this week. Commissioner Harris commented that a 63% response is very good. Commissioner Werk noted the initial email went into the spam filter and asked that all managers encourage their employees to participate in the survey.

Property Tax Division Administrator, George Brown

George Brown had no report; however, at the next open meeting he will have property tax reduction statistics. There is a CFTM meeting on October 18 in Coeur d'Alene.

Commissioner Werk asked if Mr. Brown will pass on the Commissioner's appreciation for those employees that audit the circuit breaker applications. Mr. Brown said while he doesn't have exact numbers, there are over 30,000 applications that are hand-reviewed. The people conducting

those reviews are part auditor, part call center/escalations and it is very difficult to keep people in those positions, so they are looking at automation. The problem for his division is the link between counties and the tax commission. These applications are processed first by the counties, and to automate they will have to get the counties onboard. Mr. Shaner reported that property tax personnel worked all weekend.

Commissioner Werk noted Mr. John Bernasconi (absent today) has been filling the role of the Information Services manager and he has been very good at tracking things down. We just discovered that some of our equipment was incorrectly wired which is a security issue. The annex building floor will be repaired. Mr. Bernasconi has been doing a great job. We are hoping to eventually be able to do a real Share Point project. ITS has been a good partner in working through issues as they arise.

Reports on Rules Committees

Tom Shaner, Rules Review Officer, had no further report

Other Business

No other business.

Public Comments

There were no public comments.

Executive Session

Commissioner Werk moved to go into Executive Session with legal counsel pursuant to Idaho Code § 74-206(1)(f) to discuss the current status of litigation to which the Commission is a party. A roll call vote was taken by Maria Young, Management Assistant and Commissioners Katsilometes, Harris, and 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.

Public Session

Commissioner Katsilometes declared the Executive Session ended and returned to the public session.

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

aria Young

Tom Katsilometes