

IDAHO STATE TAX COMMISSION
COMMISSIONERS' OPEN MEETING
MINUTES OF MEETING NOVEMBER 14, 2018

In attendance: Commissioners Ken A. Roberts, Elliot S. Werk, Tom Katsilometes, and Janet Moyle, Randy Tilley, Debbie Coulson, Mark Warbis, Roxanne Lopez, John Bernasconi, Steve Fiscus, Mark Poppler, Terry Ford, Michael Chakarun, Tom Shaner, Don Williams, Cynthia Adrian, Leah Parsons, Glenda Smith, Renee Eymann, Phil Skinner, and Kelly Martinez.

Guests: Idaho Society of CPAs Executive Director Laura Lantz
Associated Taxpayers of Idaho President Miguel Legarreta
Idaho Attorney General Division Chief Kay Christensen

Public Session

Commissioner Elliot Werk convened the open meeting and welcomed all those in attendance.

Presentation of Certificates of Service

Roxanne Lopez, Human Resources Officer, acknowledged the employees receiving a Certificate of Service. Ms. Lopez stated how much their combined total of 40 years of state service is appreciated. The Certificate of Service recipients in attendance were: Lance Smith, Technical Records Specialist 1, Permit Accounting Services – 5 years; Raffi Mermerian, IT Manager, IT Infrastructure – 10 years; and Jennifer (Jena) Noeldner, Tax Auditor 2, Taxpayer Discovery Bureau – 10 years.

The Certificate of Service recipient not in attendance was: Patricia (Patt) Burke, Tax Compliance Officer 2, Pocatello Field Office – 15 years. She will receive her certificate at a later time.

The Commissioners expressed their congratulations to all the recipients and how much they appreciate all of their hard work.

Business Requiring Vote of the Commission

Minutes: Open Meetings – October 10, 2018

Commissioner Moyle moved to approve the minutes of the open meeting held on October 10, 2018. Commissioner Katsilometes seconded the motion. There were no comments or amendments. All voted in the affirmative and the minutes were approved.

Resolution No. 18-09 – Idaho State Tax Commission 2019 Proposed Rules

Cynthia Adrian presented Resolution No. 18-09 to adopt the Idaho State Tax Commission 2019 Proposed Rules. Ms. Adrian said this represents the rules we have been working on throughout the year and this is the formal resolution where they are approved. If the resolution is approved, the rules will be sent to the Department of Administration for publication and the final steps before being submitted to the legislature. Commissioner Roberts asked if the proposed changes to the 962 property tax forestry rule reflect the most current discussions within the Committee on Forest Land Taxation Methodology (CFTM). Mr. Fiscus said yes, as a matter of fact, it was discussed last Wednesday when the CFTM met in Coeur d'Alene. The group indicated that those three changes had been reviewed and there was no opposition. Commissioner Roberts said there are continued meetings with the CFTM

working out some other issues, but we would probably not see those in the form of a rule or legislation until next year, is that correct? Mr. Fiscus said that is correct. Commissioner Roberts moved to approve Resolution No. 18-09. Commissioner Katsilometes seconded the motion. Commissioner Moyle said because she has asked a lot of questions over the last year, she has been designated amongst the agency as being adversarial in some ways. She wants staff to realize that she appreciates the hard work that they put in, there just happens to be things within the rules that she believes are bad policy decisions that we should not be passing on. Commissioners Roberts, Katsilometes, and Werk voted in favor of the motion. Commissioner Moyle voted in opposition. The motion passed by a split decision and Resolution No. 18-09 was approved.

There was no more business requiring a vote of the Commission.

Administrative Reports

Collection, Debbie Coulson

Debbie Coulson reported that the Pocatello field office has had their move pushed out to January. The leases for the Twin Falls and Coeur d'Alene field offices have been signed. The Twin Falls lease rate went down a significant amount because the cubicles leased are now paid off. Commissioner Moyle said they have also been upgrading the safety structures in all of the offices. Ms. Coulson said they have completed securing the front counter in the Idaho Falls office and the cost was built into the Coeur d'Alene lease for upgrades. The Pocatello field office will have a secured front counter as well. She said the Lewiston and Twin Falls office leases did not include the upgrade, so there is a line item in the budget for their locations.

Ms. Coulson said they are working closely with the Secretary of State's office on their XML project, which will affect the Tax Commission because Collection electronically files and releases liens through this system. The testing has been extended into January and they are hopeful for a go live date in early February. She said they have been struggling with turnovers and they are scrambling to fill positions. Ms. Coulson said the entry level positions seem to be the ones that are vacant the most, it has put a crunch on the division.

Revenue Operations, John Bernasconi

John Bernasconi had no report.

Management Services, Mark Poppler

Mark Poppler reported that the lease for our current location was signed by St. Luke's on October 22. He reported that turnover is also a big issue in Management Services right now, they have some important vacancies to fill. He said they are currently in the interview process.

Public Information and Taxpayer Resources, Mark Warbis

Mark Warbis reported that they have been working to finalize several presentations and handouts for upcoming meetings. He said they have been working hard to answer the questions received about withholding changes. They are working closely with IT and Audit on messaging and preparation for public messaging for the Audit move. Taxpayer Resources has also been working with IT on Skype for Business to be accessible in the conference rooms. Mr. Warbis said they have had a couple of meetings with Access Idaho to discuss trying to get some use out of the IVR system. He said they have also been doing a lot of outreach to automobile dealers around the state.

Commissioner Roberts said in regard to the withholding issue, the overall message is the economy in America is very strong. There has been a huge change in the structure of income tax in America. The withholding numbers in Idaho are down, we are encouraging taxpayers to change their

withholding to adapt to this new structure. As an agency, we will continue to discuss what we can do to help provide the tools and resources to Idaho taxpayers to transition and to make the adjustments they need to make to their withholdings. Commissioner Moyle said the biggest complaint she hears about our website is that there is too much information and it is extremely hard to negotiate. Commissioner Werk said we would love to revamp our website, but it is going to cost some money and will be a big project.

Tax Appeals, Michael Chakarun

Michael Chakarun reported on the cases in Appeals for the first four months of Fiscal Year 2019. He said his report only includes cases handled by the appeals unit, it doesn't include cases assigned to the Deputy Attorney General team. Mr. Chakarun said they began the fiscal year with 267 cases in inventory with an average age of 349 days. As of October 31, they had 244 cases in inventory with an average age of 269 days per case. This is a decrease of 23 cases from the start of the fiscal year, which is an 8.6% reduction in case load. The average age decreased 80 days per case, a 23% reduction. Mr. Chakarun said the composition of their year-end case inventory is 181 income tax cases, 54 sales tax cases, six circuit breaker cases and three other tax types.

Mr. Chakarun reported that of the 244 cases, they have issued decisions on 65 cases. These cases will remain in their open inventory count, sitting on the shelf, for 91 days. This is the period for the taxpayer to appeal the decision to either the Board of Tax Appeals or district court. If the taxpayer does not appeal within that period, they close the case. He said the average age of these cases was 276 days. Mr. Chakarun said the 179 active cases have an average age of 266 days. Since July 1, they closed 140 cases with an average age of 422 days per case. He said that 91% of these cases were closed within two years after assignment to Appeals, noting their target is to close 90% of their cases within two years.

Audit Division, Randy Tilley

Randy Tilley reported that the Audit Division will be moving by the end of the month and he wanted to thank everyone who has been involved in that process. He said boxes are being delivered this week to pack up work items to be moved on November 30. The Audit Division will soon be converted to the State phone system, this will take place this week. They are working to set up access to the fax machines on the fourth floor during the transition. Mr. Tilley specifically wanted to thank Celin Adams for all of her hard work on the move. Human Resources has organized a course on change management that will take place on November 20 for staff moving this month. Mr. Tilley said he really appreciates that Human Resources is looking out for the well being of our staff.

Ms. Lantz asked when the Audit Division plans to send out notification of the move to practitioners. Mr. Tilley said this initial move is a temporary move to building 8, which will not be opened up to the public. Auditors will continue to schedule meetings at the Park Blvd location until the entire agency has moved into building 2. They are also looking into a Skype for Business option for those who visit the Park Blvd location to see an auditor and don't have a scheduled meeting set up.

Mr. Tilley said staff are working on getting ready for the new tax season and are updating fraud letters and the TAP system. He said they have also had challenges with staffing, they are trying to fill vacancies as quickly as possible. The latest results from audits completes and recoveries show that they are on target.

Human Resources, Roxanne Lopez

Roxanne Lopez had no report.

Property Tax Division, County Support, Steve Fiscus

Steve Fiscus reported that Twin Falls County had an evaluation case with Chobani. It was settled and the only affected party was the school district. The County had the opportunity to correct the levy and send out new tax bills. He said the urban renewal agency will lose the revenue attributed to that.

Mr. Fiscus said they found a transposition in the rail car values, so they have asked the counties to cancel those taxes.

He said they have hired a new GIS Analyst, which is perfect timing because they are already receiving many annexation requests for 2019.

The Committee on Forest Land Taxation Methodology (CFTM) met on November 7 and there is a tentative meeting planned for November 30. He said at last week's meeting, the CFTM had a breakthrough and they are starting to move forward. Mr. Fiscus also noted that this is the time of year that they have a lot of training going on.

Information Technology, Terry Ford

Terry Ford had no report.

There were no more administrative reports.

Reports on Rules Committees

There were no Rules Committee reports.

Other Business

There were no items of other business.

Public Comments

Commissioner Werk asked if the guests in attendance had any comments.

There were no public comments.

Executive Session

Commissioner Katsilometes moved to go into 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. A roll call vote was taken by Kelly Martinez, Administrative Assistant and Commissioners Roberts, Werk, Moyle, and Katsilometes, 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 Werk declared the Executive Session ended and returned to the public session. There being no further business, Commissioner Moyle moved to adjourn. All voted in the affirmative and the meeting adjourned.

Kelly Martinez

Elliot S. Werk