

# IDAHO STATE TAX COMMISSION

## COMMISSIONERS' OPEN MEETING MINUTES OF MEETING NOVEMBER 20, 2017

In attendance: Commissioners Ken A. Roberts, Tom Katsilometes, and Elliot S. Werk, Mark Poppler, Debbie Coulson, Steve Fiscus, John Bernasconi, Randy Tilley, Doreen Warren, Alan Dornfest, Rick Anderson, Cynthia Adrian, Tom Shaner, Leah Parsons, Phil Skinner, and Kelly Martinez.

### **Public Session**

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

### **Business Requiring Vote of the Commission**

#### Resolution No. 17-12 – 2018 Idaho State Tax Commission 2018 Proposed Rules

Doreen Warren presented Resolution 17-12 to adopt the Idaho State Tax Commission 2018 Proposed Rules. Ms. Warren said the first component of this resolution is the Sales Tax Rules, Docket Number 35-0102-1702 where we are pulling Rule 048 from the docket.

Alan Dornfest presented the second component of Resolution 17-12, which pertains to the Property Tax Rules, Docket Number 35-0103-1704. Mr. Dornfest said the docket has five property tax rules with two of the rules having changes proposed by staff and three that are intact without any changes. He noted that there have been no comments received from the public on any of the property tax rules. That being said, some issues came to our attention that as staff we felt would be better to go ahead with a couple of changes in two of the rules. The second page of the resolution shows the changed sections of the two rules being proposed, which are Rules 631 and 803.

Mr. Dornfest reviewed the changes in Subsection 631.02 noting that real property improvements owned or leased, and personal property owned, by the taxpayer applying for the exemption may be granted the exemption. It was brought to our attention by some county assessors and our legal staff that while personal property that is leased could be considered part of the investment to meet the threshold criteria, it could not be granted the exemption itself. Mr. Dornfest said the other change is to 631.02.c where “non-residential” has been removed from the mixed-use properties sentence. He said the statute is actually entirely silent on the term residential and we felt that it was confusing to include the term non-residential. Commissioner Roberts asked if the real property is leased, shouldn't we include language that says it should be leased for the duration of the project for five years? Mr. Dornfest said there is no statutory provision like that; the clear language of the statute is that real property improvements owned or leased receive the exemption.

Mr. Dornfest reviewed the changes in Paragraph 803.03.b noting that the words “from the immediate prior year's amount” has been removed. There was also a table illustrating the calculation of the maximum forgone amount that may be disclaimed, which has been added as an example. He said this deals with the forgone amounts that taxing districts accrue from year to year and specifically the allowance based on legislation passed this year. Taxing districts can now disclaim forever the amount of forgone that was increasing and for the first year of implementation we looked backwards to calculate the amounts. We received some criticism from Kootenai County

that they wanted to be looking ahead and after discussing the issue, we agree that it is appropriate so we are submitting the change.

Commissioner Roberts moved to approve Resolution 17-12 adopting the Idaho State Tax Commission 2018 Proposed Rules, and Commissioner Katsilometes seconded the motion. All voted in the affirmative and Resolution 17-12 was adopted. Ms. Warren asked if Rule 048 should be struck through on the resolution, however Cynthia Adrian said it will just revert back to the previous version of the rule from before they began working on it.

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

**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.

There being no further business, the meeting adjourned.

Kelly Martinez

Elliot S. Werk