

Focusing On Our Vision



customer service • voluntary compliance

IDAHO
State Tax Commission

2016 Annual Report

Costs associated with this publication are available from the
Tax Commission in accordance with Idaho Code § 60-202.

Our mission

To administer the state's tax laws in a fair, timely, and cost-effective manner to benefit all Idaho citizens.

Our goals

These goals are the guiding principles by which we have chosen to do business:

- Implement methods of providing customer service and education to enhance voluntary compliance with Idaho laws.
- Administer tax law and develop rules and policies that promote fairness, consistency, compliance, security, and public confidence.
- Seek and implement efficient operations within the agency to support our mission.

tax.idaho.gov

Employees at Work



(top left) Susan Frickey (right) trains Renee Poe on responding to taxpayer phone calls.

(top right) Bob Hoy (right) accepts a mail delivery.

(bottom left) Jay Kesting helps a taxpayer on the phone.

(bottom right) A motorcyclist hands his tax return to Debbie Coulson at our Tax Day curbside service.

| | |
|----|----------------------------|
| 2 | Commissioners' message |
| 3 | Highlights of the year |
| 6 | Idaho taxes |
| 7 | Idaho revenues |
| 8 | Taxes collected |
| 9 | Identity theft & tax fraud |
| 10 | Distribution of revenues |
| 12 | Property taxing districts |
| 13 | Property tax reduction |
| 14 | Average property tax rates |
| 16 | Ratio study |
| 17 | Executive leadership |
| 18 | Our offices |



EMPLOYEE FOCUS

Zhunshuai "Mike" Li
Tax Auditor 2
Audit Division
3.5 Years with the Tax Commission

"Customer service to an auditor means providing well-researched, well-reasoned, and easy to understand audit reports to taxpayers, treating all taxpayers respectfully and professionally at all times, and being patient and taking the time to educate taxpayers whenever the opportunity presents itself."

IDAHO TAXPAYER RIGHTS

THE RIGHT TO QUALITY SERVICE

THE RIGHT TO BE INFORMED

THE RIGHT TO CONFIDENTIALITY

THE RIGHT TO REPRESENTATION

THE RIGHT TO APPEAL

THE RIGHT TO PAYMENT OPTIONS

THE RIGHT TO PAY ONLY
THE TAX YOU OWE

Learn about your rights in more detail.

Ask for Publication 647

or download it from our website, tax.idaho.gov.

The Tax Commission's vision is to achieve voluntary taxpayer compliance by providing education, outreach, and exemplary customer service. Our ongoing quest to achieve this vision resulted in some exciting organizational and business process changes this past year.

Our Tax Policy, Communications, and Taxpayer Services business units have previously worked independently on outreach efforts. To modernize and coordinate the customer experience, we combined these units under one umbrella – Taxpayer Resources.

Our vision for Taxpayer Resources is to coordinate efforts with other business units to provide taxpayers and stakeholders the right information, in the right format, through the right medium, at the right time – leading to increased voluntary compliance. We're confident that these changes will improve our ability to build strong relationships with taxpayers and stakeholders while also providing the education and support they need.

After a year of constraints on keeping our tax processing system (GenTax) up to date, the Legislature approved funding for ongoing maintenance, which includes

technical updates to improve the system and fix bugs and also upgrades to newer versions of GenTax. By staying current with the latest technical updates, we'll be more efficient in processing taxes and serving taxpayers. Most importantly, ongoing maintenance will provide the agency with the latest tools to combat tax fraud and help ensure that sensitive taxpayer information is as secure as possible.

As part of our effort to protect taxpayers, we joined the National Security Summit with the Internal Revenue Service (IRS), other state tax agencies, and the private-sector industry to tackle tax-related identity theft. And as a member of the Governor's Cybersecurity Task Force, we've implemented critical security controls to safeguard taxpayer data.

We firmly believe our employees are the secret to our success in accomplishing our vision. Their hard work and dedication make a difference in our efforts every day. We're committed to providing them with the organization, tools, and training to help our customers meet their tax obligations and help us achieve our first and highest priority – to increase voluntary compliance with Idaho tax laws.



Chairman Ken Roberts, Elliot Werk, Tom Katsilometes, Rich Jackson.

Identity verification efforts combat tax fraud

The Tax Commission began using a new tool – identity verification – to augment our existing efforts to help protect taxpayer information and keep taxpayer money from going to criminals. Starting in 2016, some taxpayers who filed individual income tax returns received letters from us asking them to verify their identity or verify that they filed a return before we would issue a refund. To date, we've sent more than 23,000 of these letters. Because of these efforts, we've caught more than 500 fraudulent returns and prevented almost \$800,000 in refunds from going to fraudsters. See our Identity Theft & Tax Fraud page in this report for more information.



Security Summit participation keeps taxpayer data safe

To help combat tax-related identity theft, we collaborated with Security Summit members to put in place tougher safeguards for the last income tax filing season. These added safeguards included validating the authenticity of taxpayers and tax returns, implementing new password standards for tax software, and sharing information about identity theft schemes. The Security Summit includes the Internal Revenue Service (IRS), state tax agencies, and the private-sector industry.

New business units enhance our customer service

As part of our efforts to modernize our customer service, we realigned some resources to form two new business units:

- **Tax Appeals.** We separated our tax policy and tax appeals functions to create the new Tax Appeals section. This change will allow for better transparency and consistency as the unit resolves appeals from taxpayers.
- **Taxpayer Resources Unit.** Our Tax Policy, Communications, and Taxpayer Services business units respond to taxpayer questions, produce our publications, provide education, ensure accurate and understandable tax forms and instructions, and much more. We merged these customer service areas into the new Taxpayer Resources Unit to allow for greater efficiency and coordination in the delivery of services and more consistent information to the public and our stakeholders.

Property tax assessment software getting upgraded

We're modernizing our nearly 40-year-old property tax assessment software for counties and making it a web-based application. Phase 1 of the software is currently in the testing stage with one county, and we'll pilot it in other counties starting in January of 2017. When fully implemented, including Phase 2, the program will allow for easier software updates, provide standardization, increase security, cut down on data entry errors, and provide more accessible information to taxpayers.

Repeat nonfilers held accountable

We've stepped up our efforts to hold taxpayers accountable when they continually refuse to voluntarily file their income tax returns. These are taxpayers who've been through the drill with us, know they're required to file, and deliberately refuse to do so. We're taking action in court against these repeat offenders to compel them to file their delinquent returns. And we're publicizing the cases in our news releases. We take these actions only as a last resort and in fairness to the vast majority of taxpayers who voluntarily comply.

New resources added to our website

We added several new resources to our website, tax.idaho.gov, to help taxpayers. They include:

- **Refund Info** webpage. This page provides information on income tax refunds, including the time frame for receiving one, how we process them, and taxpayer tips to help them receive their refund faster.

- **Penalties & Interest** webpage. This page provides information on penalties for filing late income tax returns or making late payments. It includes a chart on how income tax penalties are calculated.
- **Successors' Liability Clearance Letter** webpage. Taxpayers buying an existing business could be liable for that business's sales/use tax debt. This webpage tells them how to request a successors' liability clearance letter from the Tax Commission to find out if the business is up to date on its taxes and what to do if there's a debt.
- **TAP Availability for Return Filing and Payments** webpage. This page lists the dates when Taxpayer Access Point (TAP) account holders can begin to file and pay their taxes for specific filing periods through our online TAP system.
- **Oil and Gas Production Tax** webpage. This page provides information on the oil and gas production tax, including the tax rate and links to relevant forms and statutes.
- **Electricity (Kilowatt Hour)** webpage. Information on the electricity tax is available through this page, including the tax rate and links to relevant forms and statutes.



EMPLOYEE FOCUS

Pam Bostic
Technical Records Specialist 1
Revenue Operations
5 Years with the Tax Commission

"Customer service is the careful balance of optimizing what's best for the taxpayer and the agency while keeping in line with federal, state, and agency policies, procedures, and guidelines. I strive to treat all customers, internal and external, with respect and empathy, as well as to help educate them to ensure an effective resolution."

- *Firearms Transfer Fees and Taxes* webpage. This page provides tax information on firearms transfer fees charged by Federal Firearms Licensees in Idaho.

- *Register with TAP* video. This updated video shows taxpayers how to register with our Taxpayer Access Point (TAP) system.

Business processes automated

Our Collection Division automated two processes to improve efficiency and consistency:

- **Bankruptcy upload automation.** The former process to add bankruptcy cases to our database was manual, weekly, and complex, resulting in overlooked or missed cases. The new automated system provides a nightly upload of new bankruptcy cases, discharges, dismissals, conversions, and closed cases.

- **Lien release automation.** Before automation, an employee had to manually request the release of a lien we filed against a taxpayer. Now that the releases are automated, the operating system sends a request for a lien release to the Secretary of State and also creates a "Notice of Lien Release" letter to send to the taxpayer.

Agency program manager wins national award

Doreen Warren, the agency's public information director, is the 2016 recipient of the Federation of Tax Administrators Harley T. Duncan Award for Leadership and Service. The national award is given annually to an individual who has demonstrated sustained and significant service in the administration of state taxes.

Doreen has a long history of sharing her service with FTA-member agencies. Currently, she is the state co-chair of the FTA-National Association of Computerized Tax Processors (NACTP) Fraud Working Group, responsible for leading the state-industry effort to reduce income tax refund fraud. She is also the overall coordinator of all state tax agency participation in the Security Summit to coordinate activities and work together to develop new protections against refund fraud.

The Federation of Tax Administrators is a nonprofit organization composed of taxation and revenue departments of the 50 states, District of Columbia, New York City, and Philadelphia.



Doreen Warren (right) receives the Harley T. Duncan award from Harley Duncan.

Most of Idaho's tax revenues come from income tax, sales/use tax, and property tax. Here's a list of the taxes the state collects.

Tax rates

| Tax | Rate | Notes |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Beer | \$0.15/gallon | Beer over 4% alcohol content is taxed as wine. |
| Boise Auditorium District | 5% | On hotel/motel occupants in the Boise metropolitan area, except for long-term (more than 30 consecutive days) residents. |
| Cigarette | \$0.57 for a package of 20 | Wholesalers pay this tax to the Tax Commission. |
| Corporate net income | 7.4% (minimum \$20) | On Idaho taxable income. Multistate businesses must apportion their income using a three-factor formula made up of property, payroll, and sales (with the sales factor double-weighted). |
| Electricity | .5 mill per kilowatt hour | On water-generated electricity, except there is no tax on the sale of electricity used for irrigation, manufacturing, mining, milling, smelting, refining, or processing. |
| Fuels: Aviation gasoline Diesel Gasoline Jet fuel Compressed natural gas Liquefied natural gas Propane Transfer fee | \$0.07/gallon \$0.32/gallon \$0.32/gallon \$0.06/gallon \$0.32/GGE \$0.349/DGE \$0.232/gallon \$0.01/gallon | Users get refunds of tax depending on use and type of fuel. Refer to Publication FT-3 for more information. <i>Transfer fee:</i> Generally charged on all liquid petroleum products. Not charged on propane and natural gas. |
| Individual income | 1.6% to 7.4% | On Idaho taxable income. The rate depends on income. |
| Mine license | 1% | On value of ores mined or extracted. |
| Oil and gas production | 2.5% | On market value of oil and gas produced or sold in Idaho. |
| Prepaid wireless E911 fee | 2.5% of service price | On sale of prepaid wireless telecommunication sources. |
| Sales/Use | 6% | On retail sales and rentals of tangible personal property; admission fees and fees for recreation or hotel/motel rooms (except for stays of more than 30 days). Use tax applies if sales tax wasn't paid at the point of purchase. Exceptions include sales of water, gas, or electricity by utilities; motor fuels (which are taxed separately); prescription drugs; certain tangible personal property used in manufacturing, farming, processing, mining, and fabricating. |
| Tobacco | 40% of wholesale price | On all tobacco products except cigarettes. |
| Travel & convention | 2% | On hotel/motel occupants and campground users, except for long-term (more than 30 days) residents. |
| Wine | \$0.45/gallon | Beer over 4% alcohol content is taxed as wine. |

Property tax is collected by the counties and taxing districts to provide local services and isn't listed above.

This is a two-year comparison of revenues by category. These figures represent gross collections before refunds.

Revenues

| Source | FY2015 | FY2016 | Change |
|-------------------------------------|------------------------|------------------------|--------------|
| Beer tax | \$4,066,794 | \$4,115,922 | +1.2% |
| Boise Auditorium District tax | 5,065,251 | 5,974,116 | +17.9% |
| Cigarette tax | 36,363,644 | 37,015,993 | +1.8% |
| Corporate income tax | 236,860,072 | 222,753,059 | -6.0% |
| E911 fee | 1,578,907 | 1,784,808 | +13.0 |
| Electricity (kilowatt hour tax) | 1,917,811 | 1,876,627 | -2.1% |
| Estate tax | 0 | 0 | 0.0% |
| Illegal drug tax | 301 | 0 | -100.0% |
| Individual income tax | 1,809,574,850 | 1,889,855,010 | +4.4% |
| Local option tax | 1,841,445 | 29,896 | -98.4% |
| Mine license tax | 775,935 | 30,847 | -96.0% |
| Miscellaneous revenues | 172,040 | 171,806 | -0.1% |
| Motor fuels taxes | 255,462,265 | 329,185,169 | +28.9% |
| Oil and gas production tax | 2,454 | 70,559 | +2,775.0 |
| Railroad Car Co. property tax | 54,067 | 63,881 | +18.1% |
| Sales/Use tax | 1,456,971,421 | 1,553,033,874 | +6.6% |
| Suspense (source not identified) | 66,425 | 402,429 | +505.8% |
| Tobacco tax | 12,024,562 | 13,397,256 | +11.4% |
| Travel & convention tax | 8,830,333 | 10,052,629 | +13.8% |
| Wine direct shipper fee | 12,275 | 14,663 | +19.4% |
| Wine tax | 5,115,528 | 5,407,643 | +5.7% |
| Total Gross Receipts | \$3,836,756,381 | \$4,075,236,185 | +6.2% |
| Cost to collect tax revenues | | | |
| | FY2015 | FY2016 | |
| | \$33,881,300 | \$35,132,900 | |

**It costs less than a penny
to collect one dollar.**

The Tax Commission is responsible for conducting audits of tax returns filed by individuals and businesses and for collecting taxes owed that haven't been paid.

Audit

| Source | FY2013 | FY2014 | FY2015 | FY2016 |
|-------------------|---------------------|---------------------|---------------------|---------------------|
| Sales/Use | \$11,601,782 | \$17,602,347 | \$12,534,002 | \$11,884,602 |
| Withholding | 626,049 | 308,210 | 361,099 | 381,072 |
| Motor fuels | 785,890 | 433,338 | 643,322 | 521,776 |
| Miscellaneous* | 856,796 | 137,408 | 41,824 | 301,139 |
| Individual income | 21,126,335 | 7,217,552 | 13,657,365 | 15,867,049 |
| Corporate income | 39,686,872 | 12,256,589 | 17,900,340 | 11,242,740 |
| Estate | 0 | 0 | 0 | 0 |
| Hotel/motel** | 25,270 | 24,777 | 34,959 | 26,544 |
| Total | \$74,708,994 | \$37,980,221 | \$45,172,911 | \$40,224,922 |

* Beer tax, cigarette tax, tobacco tax, wine tax; for FY2015 also includes kilowatt hour

** Boise Auditorium District tax, travel & convention tax

Collection

| | FY2013 | FY2014 | FY2015 | FY2016 |
|--------------|----------------------|----------------------|----------------------|----------------------|
| Total | \$105,476,949 | \$107,183,361 | \$112,397,933 | \$117,754,192 |

State & local taxes collected

| | |
|-------------------|-----------------|
| Corporate income | \$189,000,000 |
| Individual income | \$1,522,000,000 |
| Motor fuels | \$317,500,000 |
| Property | \$1,696,700,000 |
| Sales | \$1,548,200,000 |
| Other | \$81,500,000 |

FY2016 for income tax, motor fuels tax, sales tax, other.
Net collections after refunds.

Calendar year 2016 for property tax. Amounts budgeted by taxing districts.

“Other” accounts for 1.5%

corporate income 3.6%

motor fuels 6.0%

sales 29.3%

individual 28.8%
income

property 31.7%





Identity theft

Identity theft occurs when a person knowingly and wrongfully obtains and uses someone else's personal data (Social Security number, name, address, etc.) in a way that involves fraud or deception for economic gain or benefits. The economic gain or benefit may be from filing fraudulent tax returns, obtaining credit, or receiving social benefits such as welfare or Medicaid.

Once we learn of an identity theft case, the Tax Commission helps the victim:

- Understand the impact of having one's identity stolen,
- Compile a list of actions to take,
- Resolve any tax issues with the state, and
- Find a safe way to file taxes in the future.

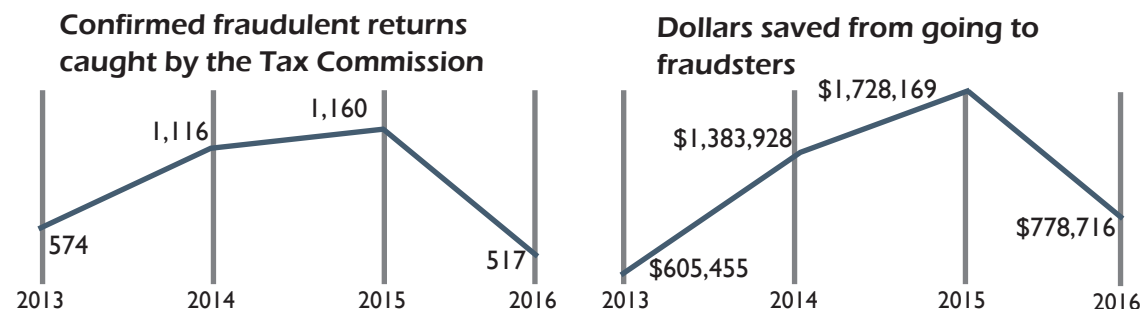
Idaho identity theft cases (by tax year) reported to the Tax Commission

- 2013  170
- 2014  694
- 2015  1,102 *January through June 2015*
- 2016  979 *January through September 2016*

Tax fraud

Tax fraud occurs when someone files a tax return to receive a refund they're not entitled to. The Tax Commission uses a variety of ways to check for fraud and is constantly looking for ways to improve its effectiveness. Some of our checks include:

- Manual review of returns
- Automated reviews
- Verification from other sources



Identity theft-related tax fraud occurs when someone purposely files a return using another individual's information. The Tax Commission caught 315 fraudulent returns from identity theft in 2016, and prevented \$590,540 from being refunded to the wrong person.

These figures indicate how the tax revenues collected in Idaho were distributed.

| Fund | FY2015 | FY2016 | Change |
|--------------------------------------|-----------------|-----------------|----------------|
| General Fund | \$2,871,426,329 | \$3,012,935,950 | +\$141,509,621 |
| Fish & Game Donation | 29,400 | 35,356 | +5,956 |
| Abandoned Mine & Oil & Gas Conserv | 37,182 | -85,113 | -122,295 |
| Secondary Aquifer Fund | 5,000,000 | 5,000,000 | 0 |
| Petroleum Storage Trust | 2,226,559 | 2,347,510 | +120,951 |
| Cancer Control Fund | 300,000 | 300,000 | 0 |
| Central Tumor Registry | 120,000 | 120,000 | 0 |
| Substance Abuse Treatment | 1,426,284 | 1,471,038 | +44,753 |
| County Juvenile Probation Svcs | 4,065,323 | 4,143,259 | +77,936 |
| Water Pollution Control | 4,800,000 | 4,800,000 | 0 |
| Idaho Travel & Convention | 8,706,398 | 9,885,722 | +1,179,324 |
| Veterans Support Donation | 36,139 | 45,910 | +9,771 |
| Cooperative Welfare Fund | 293,667 | 405,871 | +112,204 |
| State Aeronautics Fund | 1,688,631 | 2,114,001 | +425,370 |
| Parks & Recreation Motor Fuels | 4,814,444 | 5,092,424 | +277,979 |
| Local Bridges & Railroad Crossings | 350,000 | 23,093,505 | +22,743,505 |
| State Highway Account | 17,395,590 | 58,554,678 | +41,159,088 |
| Highway Distribution Fund | 217,777,362 | 231,421,947 | +13,644,585 |
| Search & Rescue Fund | 41,440 | 43,830 | +2,390 |
| Motor Fuel Distribution Fund | 11,242 | -1,911,487 | -1,922,729 |
| E911 Wireless | 1,543,525 | 1,746,515 | +202,990 |
| Multistate Tax Compact | 2,264,558 | 2,089,463 | -175,095 |
| Oil & Gas Local Economic Development | 157 | 4,516 | +4,359 |
| Administrative & Accounting Fund | 228,659 | 174,410 | -54,249 |
| Motor Fuels Administrative Fund | 4,079,000 | 4,140,740 | +61,740 |
| Wine Direct Shipper Fee to ISP | 2,650 | 3,100 | +450 |
| Permanent Building Fund | 28,200,563 | 19,188,789 | -9,011,773 |
| Garvee State Match | 4,700,000 | 4,700,000 | 0 |
| Miscellaneous Income | 158,698 | 169,722 | +11,024 |
| Opportunity Scholarship | 10,787 | 11,616 | +829 |
| Public School Endowment | 4,663,341 | 4,670,941 | +7,600 |
| Children's Trust Donation | 32,710 | 37,565 | +4,855 |
| Sales Tax - Cities & Counties | 182,648,196 | 194,440,089 | +11,791,894 |

(continued from previous page)

| Fund | FY2015 | FY2016 | Change |
|-----------------------------------------|------------------------|------------------------|-----------------------|
| Sales Tax - Personal Property | 18,921,801 | 18,889,735 | -32,067 |
| Sales Tax - Ag Property Relief | 8,487,103 | 8,487,103 | 0 |
| Sales Tax - Demonstration Pilot Project | 7,196,419 | 8,437,786 | +1,241,367 |
| Sales Tax - Election Consolidation | 4,480,623 | 4,488,220 | +7,598 |
| Counties - Estate Tax | 0 | 0 | 0 |
| Refund Fund | 420,772,770 | 436,439,270 | +15,666,500 |
| Refund Fund - County Juvenile Prob Svcs | 543,676 | 455,899 | -87,778 |
| Suspense Fund | 66,425 | 402,429 | +336,004 |
| Red Cross Donation | 16,177 | 21,044 | +4,867 |
| Boise Auditorium District | 5,039,527 | 5,942,827 | +903,300 |
| Grape Growers & Wine Producers | 255,278 | 269,953 | +14,675 |
| Guard & Reserve Support Donation | 22,633 | 25,799 | +3,166 |
| Idaho Food Bank Donation | 89,611 | 113,899 | +24,288 |
| Special Olympics Donation | 19,730 | 24,656 | +4,926 |
| Local Option Tax | 1,765,224 | 29,896 | -1,735,328 |
| Oil & Gas - Cities & Counties | 550 | 15,805 | +15,255 |
| Total | \$3,836,756,381 | \$4,075,236,185 | +\$238,479,805 |

Tax revenue to cities & counties

In FY2016, 11.5% of Idaho's sales tax revenue was distributed to local governments.

About 3.23% of Idaho's total sales tax revenue was distributed directly to cities. Half of this amount was distributed according to population, with the other half based on the market value of property in each city. Another 3.23% of the sales tax revenue was distributed directly to counties. Each county received a guaranteed annual amount of \$30,000. The rest was distributed according to population.

In addition, 4.11% of the sales tax was distributed to counties and cities according to a complex formula based on amounts received in 1999 and current population (for cities and counties). And .88% of the sales tax revenue was distributed to nonschool taxing districts based on the same 1999 formula mentioned and a proportionate share of each district's property tax budget.

Eligible taxing districts received \$8,500,000 annually in quarterly distributions from state sales tax revenues to replace property tax on agricultural equipment that was exempted from property tax by legislation in 2001. Election consolidation distributions equaled \$4,500,000. Personal property reimbursement to taxing districts totalled \$18,900,000.

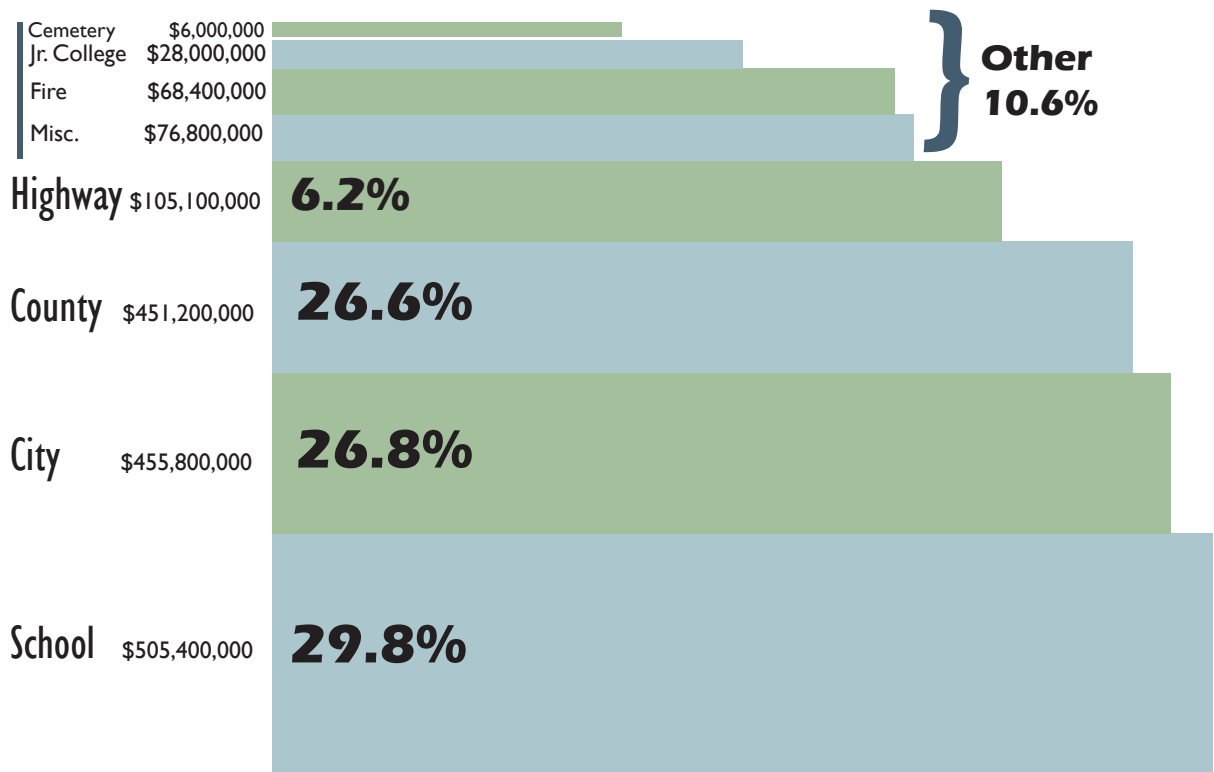
Small amounts of lottery withholding were distributed to eligible counties. Distributions were made after the end of each quarter, so the FY2016 fourth quarter portion of these totals was distributed in July 2016 (FY2017).

A taxing district is a unit of government that is established to provide public services. Some districts, like cities and counties, provide a variety of services. Most have a limited purpose, such as mosquito abatement, flood control, etc.

Not all taxing districts actually levy taxes, even though they're legally authorized to do so. About 12.8 percent of taxing districts didn't levy property taxes in 2016.

Taxing districts overlap, and a property owner pays taxes to more than one district. Each piece of property lies in a unique "tax code area," which is defined by the combination of taxing districts that govern it. In 2016 there were 3,271 tax code areas in Idaho.

Distribution of 2016 property taxes

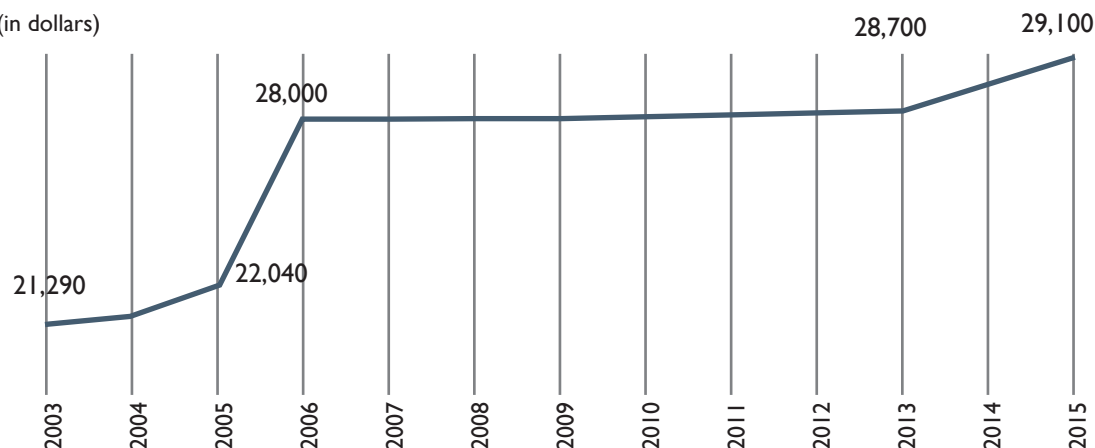


Idaho's property tax reduction (circuit breaker) program offers property tax relief to low-income elderly, widowed, disabled, and other eligible homeowners. Begun in 1974, it grew out of a widow's exemption program and was expanded in 1981. As income rises, the amount of property tax reduction decreases.

| Tax year | Claimants | Avg. benefit/claimant | Total paid |
|----------|-----------|-----------------------|--------------|
| 2015 | 27,270 | \$607.40 | \$16,563,865 |
| 2014 | 27,365 | 565.54 | 16,276,463 |
| 2013 | 27,734 | 565.54 | 15,680,000 |
| 2012 | 28,426 | 557.20 | 15,840,000 |
| 2011 | 28,479 | 562.54 | 16,020,000 |
| 2010 | 28,399 | 565.21 | 16,050,000 |
| 2009 | 27,920 | 561.40 | 15,670,000 |
| 2008 | 27,831 | 554.43 | 15,430,000 |
| 2007 | 28,202 | 543.12 | 15,320,000 |
| 2006 | 28,737 | 534.09 | 15,350,000 |
| 2005 | 26,656 | 579.46 | 15,460,000 |
| 2004 | 26,493 | 564.93 | 14,970,000 |
| 2003 | 26,031 | 540.78 | 14,080,000 |

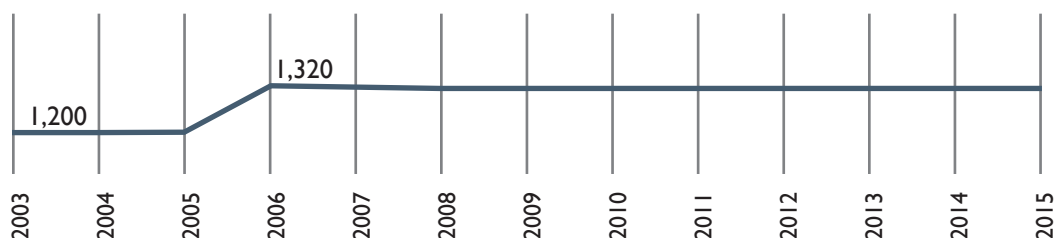
Maximum income

(in dollars)



Maximum benefit

(in dollars)



AVERAGE PROPERTY TAX RATES

These figures represent recent average property tax rates for urban and rural areas in each county. Rates are expressed as a percentage of the property's taxable value and include the total taxes levied by all taxing districts in the county. The urban tax rate includes all taxes paid within any incorporated city that levies property tax.

| County | 2015 Urban | 2015 Rural | 2016 Urban | 2016 Rural |
|------------|------------|------------|------------|------------|
| Ada | 1.530% | 1.263% | 1.474% | 1.212% |
| Adams | 1.658% | 0.860% | 1.567% | 0.826% |
| Bannock | 2.159% | 1.154% | 2.140% | 1.096% |
| Bear Lake | 0.988% | 0.619% | 1.025% | 0.634% |
| Benewah | 1.710% | 1.085% | 1.742% | 1.108% |
| Bingham | 2.071% | 1.283% | 2.113% | 1.329% |
| Blaine | 0.763% | 0.651% | 0.752% | 0.630% |
| Boise | 1.394% | 1.043% | 1.280% | 0.953% |
| Bonner | 1.307% | 0.786% | 1.313% | 0.782% |
| Bonneville | 1.743% | 1.072% | 1.759% | 1.084% |
| Boundary | 1.431% | 1.062% | 1.430% | 1.054% |
| Butte | 1.994% | 1.292% | 2.087% | 1.370% |
| Camas | 1.925% | 1.102% | 2.050% | 1.180% |
| Canyon | 2.091% | 1.285% | 2.053% | 1.285% |
| Caribou | 1.957% | 0.992% | 2.007% | 1.016% |
| Cassia | 1.520% | 0.881% | 1.536% | 0.915% |
| Clark | 1.225% | 0.880% | 1.142% | 0.787% |
| Clearwater | 1.940% | 1.153% | 2.018% | 1.213% |
| Custer | 0.708% | 0.441% | 0.786% | 0.514% |
| Elmore | 2.221% | 1.118% | 2.223% | 1.103% |
| Franklin | 1.329% | 0.942% | 1.356% | 0.962% |
| Fremont | 1.207% | 0.843% | 1.227% | 0.857% |
| Gem | 1.561% | 0.950% | 1.506% | 0.936% |
| Gooding | 1.791% | 0.998% | 1.775% | 0.962% |
| Idaho | 1.134% | 0.601% | 1.156% | 0.607% |
| Jefferson | 2.004% | 1.166% | 1.903% | 1.108% |
| Jerome | 2.153% | 1.311% | 2.207% | 1.355% |
| Kootenai | 1.280% | 0.973% | 1.389% | 0.930% |
| Latah | 1.910% | 1.447% | 1.867% | 1.405% |
| Lemhi | 1.381% | 0.708% | 1.211% | 0.588% |

(continued from previous page)

| County | 2015 Urban | 2015 Rural | 2016 Urban | 2016 Rural |
|------------|------------|------------|------------|------------|
| Lewis | 1.758% | 1.174% | 1.735% | 1.149% |
| Lincoln | 1.974% | 1.041% | 1.856% | 0.965% |
| Madison | 1.716% | 1.426% | 1.663% | 1.388% |
| Minidoka | 1.526% | 0.947% | 1.459% | 0.901% |
| Nez Perce | 2.019% | 1.081% | 2.023% | 1.101% |
| Oneida | 1.627% | 0.812% | 1.552% | 0.734% |
| Owyhee | 1.453% | 0.953% | 1.523% | 0.980% |
| Payette | 1.790% | 0.937% | 1.773% | 0.994% |
| Power | 2.352% | 1.441% | 2.418% | 1.471% |
| Shoshone | 2.065% | 1.356% | 2.065% | 1.370% |
| Teton | 1.230% | 0.977% | 1.069% | 0.833% |
| Twin Falls | 2.221% | 1.264% | 2.036% | 1.314% |
| Valley | 1.129% | 0.648% | 1.092% | 0.624% |
| Washington | 1.787% | 0.953% | 1.752% | 0.942% |
| Statewide | 1.550% | 1.032% | 1.542% | 1.012% |



EMPLOYEE FOCUS

Terry M. Gober
Tax Technical Unit Supervisor
Revenue Operations Division
8 Years with the Tax Commission

"I believe providing taxpayers with information and help encourages them to comply with the tax laws."

The Tax Commission is responsible for making sure each county assessor is assessing property at market value as required by Idaho law. To do this, the Tax Commission conducts annual ratio studies in each county. These studies are used to evaluate the assessment process in the counties and to equalize the distribution of state school funds and local school property taxes.

The ratio study is a type of statistical analysis in which assessments are compared to sales prices for residential and commercial property in each county and school district. The ratio study provides measurements of assessment quality by determining the typical level and relative uniformity of the assessments.

The results are reported to the State Board of Equalization (consisting of tax commissioners), which meets annually to review property assessments by category. The Tax Commission has established assessment level standards based on nationally recognized practices. Categories that don't meet these standards may be subject to additional testing or to adjustments by the Tax Commission.

Median assessment level



Year 2003 reflects improved urban residential property. Years 2008 and 2015 reflect improved residential property.



EMPLOYEE FOCUS

Christen Lewis
Tax Auditor 3
Audit Division
11.5 Years with the Tax Commission

"My job requires a variety of different customer service skills. On one hand I work with victims who have had their identity stolen, but I also talk with taxpayers who may have committed tax fraud. The goals of my conversations with taxpayers may change depending upon who I speak with, but the customer service remains the same; courteous, respectful, fair, and equitable."

ADMINISTRATION

| | |
|---------------------|--------------------|
| Chairman | Ken A. Roberts |
| Commissioner | Tom Katsilometes |
| Commissioner | Richard W. Jackson |
| Commissioner | Elliot Werk |
| Executive Assistant | Kelly Martinez |

MANAGERS

| | |
|------------------------|------------------|
| Appeals | Michael Chakarun |
| Audit | Randy Tilley |
| Collection | Debbie Coulson |
| Human Resources | Roxanne Lopez |
| Information Technology | Mike Teller |
| Legal | Phil Skinner |
| Management Services | Mark Poppler |
| Property Tax | Steve Fiscus |
| Revenue Operations | John Bernasconi |
| Special Projects | Robin O'Neill |
| Taxpayer Resources | Doreen Warren |

**EMPLOYEE FOCUS**

Peggy Wright
 Account Collection Specialist
 Collection Division
 13 Years with the Tax Commission

"Customer service starts with being kind and assisting your co-workers when their workloads are heavy. It also includes taking care of taxpayers in a respectful manner when they call in."

Our offices



Coeur d'Alene

1910 Northwest Blvd., Suite 100
Coeur d'Alene, ID 83814-2371



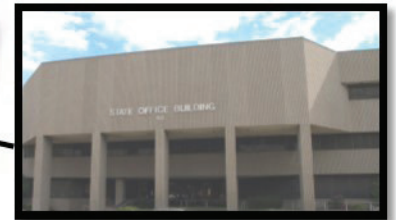
Lewiston

1118 F St.
Lewiston, ID 83501-1014



Boise

800 E. Park Blvd., Plaza IV
Boise, ID 83712-7742



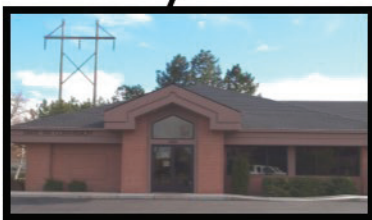
Idaho Falls

150 Shoup Ave., Suite 16
Idaho Falls, ID 83402-3657



Pocatello

611 Wilson Ave., Suite 5
Pocatello, ID 83201-5046



Twin Falls

440 Falls Ave.
Twin Falls, ID 83301-3320

