

IDAHO STATE TAX COMMISSION
COMMISSIONERS' BUSINESS MEETING
MINUTES OF MEETING JULY 22, 2025

In attendance: Chairman Jeff McCray; Commissioners Janet Moyle, Jared Zwygart, and Paul Woods; Evan Sailor, Julie Eavenson, Rick Mascall, Kim Wind, Rhamona Grabenstein, Lisa Palmer, Meredith Hodgson, Robert Foster, Isaac Joyner, Nathan Nielson, Lisa Kopke, George Brown, Jerry Macner, Renee Eymann, Ken McClure, Partner, Givens Pursley
Absent/Excused: Aaron Yost.

Public Session

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

Business requiring a vote of the Commission.

Minutes: Regular Business Meeting – April 29, 2025

Commissioner Zwygart moved to approve the minutes of the Regular Business Meeting, as amended, held on April 29, 2025. Commissioner Woods seconded the motion. Chairman McCray clarified that the amendment was a spelling correction of “direct” to “director.” **There was no discussion; all commissioners voted aye, and the minutes of the Regular Business Meeting held April 29, 2025, were approved.**

Resolution 25-01: Delegations of Authority

Chairman McCray introduced Resolution 25-01 and explained some of the duties and responsibilities of the Commission. He noted that, as part of the agency’s strategic planning process, leadership solicits feedback from external stakeholders, internal stakeholders, and employees. He was surprised to hear questions about what the Commissioners do. As he talks to people, he defines the Commission and the Agency. “The Commission” is the four Commissioners who are appointed by the governor and confirmed by the Senate. “The Agency” is all the staff that do the work that is required to collect the \$7.5 billion of revenue that we do, process the returns, support Property Tax, and everything else.

The distinction is that the Commissioners sit as the Board of Equalization every year in August to help ensure uniformity in the property tax system, reviewing assessments across the state and specifically operating property. If anyone chooses to appeal those values, they come before the Board of Equalization. They also sit as the Economic Estimates Commission in December to determine the personal income number for the state, which helps the Legislature establish the budget as part of the budgeting process for each fiscal year.

The Commission also oversees the Administrative Rules process when a statute or law requires clarification, or determination, on how the Tax Commission administers a particular statute or law. They also serve as a quasi-judicial board reviewing appeals if taxpayers choose to challenge decisions or notices issued by the Tax Commission. Taxpayers have a right to appeal and it’s important there is a segregation of duties between the Commissioners and the Agency, so there is no appearance of impropriety or of having any influence on that process. That’s an extremely important role and one that takes up the bulk of the Commissioner’s time.

Finally, the Commissioners serve as the Board of Directors with responsibility and accountability to set policy. Chairman McCray said the House Bill 93 implementation is an example, because it will have an impact to the public and the agency about the way we work. The Commission is the decision-making body. Another part of their responsibility is to help provide resources. In addition to budgeting, the main task of budgeting is to go before the Joint Finance-Appropriations Committee (JFAC) to ask for funding to operate the agency, and to identify projects or roadblocks that can be removed or addressed to help the agency be more efficient and serve the citizens of Idaho more effectively. It doesn’t have to be financial, either. Impediments could include tasks the

agency is doing. Lastly, they interface with the Governor's office and the legislature to help with their decision making and how they interact with the citizens of Idaho in the lawmaking process.

The Commissioners are not part of the "one team" of the agency. They sit above the organization and help by providing resources and making those decisions. That doesn't mean they're engaged in the day-to-day strategy and operations of the agency, nor does he believe the agency wants that. The Commissioners are available as a resource for advice and counsel. He encourages staff to take advantage of their experience and ask questions, but the Commissioners must remain segregated to keep the agency functioning optimally. He loves football as an analogy for business: An NFL (National Football League) team is on the field executing the plays and making good decisions based on the immediacy of the activity that's taking place, but the general management is up in the booth. Their roles and responsibilities are very similar. The general manager handles the financing and may have some influence on who the team selects in the draft, but they're not calling the plays and aren't part of the execution down on the field. Hopefully, that clears up the definition of the Commission versus the Agency.

As they consider Resolution 25-01, he wanted to clarify that the title is "Delegations of Authority." There is a distinction between accountability and responsibility. The leadership of an organization – whether it's the board of directors or the commissioners – are accountable for everything that happens within the organization. That doesn't mean they're responsible for executing everything, nor could they. There's such a volume of work that they can't be involved in every task and decision-making process that occurs; they'd be a bad example of how government can slow things down. He wants to clarify that in this document, the Commissioners aren't giving away anything, they're not abdicating their accountability or responsibilities. This simply allows the agency to function efficiently and in a way that can keep the agency functioning to be able to serve the citizens of Idaho. Commissioners don't need to be involved in the minutia of the decisions to issue refunds or temporary sellers' permits, so staff are responsible for executing the policy and the direction of the Commissioners, and the Commissioners are accountable. The buck stops with them. With that, he will entertain a motion.

Commissioner Zwuygart said he has no issues with it. He's read it and doesn't feel it gives away any of their statutory authority. He is in favor and motioned to approve Resolution 25-01, as written.

Commissioner Moyle made a counter motion to table this resolution and asked to speak to the motion. She said she wrestled with this. They were given short notice when they were given the document, and they were told they would vote on it and couldn't talk about it. She was given a document that had changes on it, so obviously it was disseminated without them being told they would vote on it. Which leads her to the reason she disagrees with some of the comments the Chairman has made about their authority and what they do. She believes there is enough non-clarity, which is demonstrated by him having to explain what the Commissioners do today, that they aren't prepared to vote on this and have it ready. They talk about the OE (Operational Excellence) process, strategy, and yet she feels they, as Commissioners, are extremely unprepared when it comes to this. This isn't a policy, it's a resolution. There was no input, they didn't discuss it, and really, when they're delegating their authority, they have to have trust that when they delegate, there's no micromanagement. That there's a clear written policy, which they don't have. They're asking everyone in the agency to follow strategic planning and have policies in place when they haven't even done that for themselves. The statute is very clear that they "may" delegate, it doesn't state that they have to delegate. Yes, she cannot do everything, but she doesn't feel that, at this time, she is prepared to delegate that authority because she doesn't feel the policy is in place and she doesn't feel they've actually sat down and made sure that under the new guidelines, because there is a new organizational chart, and they're under a new strategic planning processes, that they've sat down and said this is how this is going to be, and this is how it's going to work. They're being very clear with employees that they're setting those expectations, and they understand, even amongst themselves, what those expectations are. She's thought about this, and feels they're putting the cart before the horse and that they need to demonstrate leadership and have these policies in place so they're clearly written, clearly talked about, clearly defined and that they stay within the line of the organizational goals and changes, that they can have the trust to know that what they're saying is out and quite frankly, what she feels, as she's been in some of the meetings lately, is that staff feels that instead of

delegation, it's abdication. She's been told so many times lately that instead of asking her questions, they're going to run to some other employee that she feels like there's not an understanding of what they're actually doing here. Until the training is in place as to what it is and there is a clear written policy, which is in line with the strategic planning and OE processes, they're not ready for this.

Chairman McCray clarified that Commissioners were provided the document on Monday, July 15 for review. Commissioners cannot talk amongst themselves because they're not allowed to create a walking quorum. That's why that direction was given. The Commissioners had ample opportunity to discuss the document with the Deputy Attorney's General or any of the staff if there were questions. He added that this document is the same document that was passed in 2020, and the Commission is just reaffirming those delegations.

Commissioner Moyle said that in 2020, she said the same thing. She was a no because the Commissioners are not prepared for this and, quite frankly, what she hears from Chairman McCray is that they're doing it because that's what is always done. That's the culture they're trying to break in this agency, yet they turn around and do it themselves. She feels there is more that needs to be put into this and that it needs to be a clear written policy, not just a resolution and she feels that there needs to be discussion around it, not for her to be handed it a week before and employees have been working on it for however long without her knowledge of what was going on or having the ability to have input. She feels that at this time, they are better off setting this aside and making sure that what they are agreeing to is clearly understood by all, including themselves.

Commissioner Zwygart was recognized and said that as he looked at it, and he can only speak for Sales Tax, and a little on Property Tax, but he looked over what they're asking the Bureau Chiefs and everyone else to do, and he felt it was already being done that way and it was running effectively. He understands and hears Commissioner Moyle's concerns, but he hasn't seen those concerns in the Sales Tax and IFTA (International Fuels Tax Agreement) arena. He feels that what they're asking them to do is in line with what he would expect of a good employee. He feels they have good employees, and he trusts them with the responsibility they've been given. That's how he sees this, just so Commissioner Moyle is aware of where he's coming from. He hasn't seen a problem with those sections, the IFTA, the Sales Tax, and a little of the Property Tax.

Commissioner Moyle said there are portions of this, that under the new organization, she questions. That is, if they're not to be in the daily grind, then there are certain things they're asking to delegate authority that should then be coming back to them [the Commissioners], and that would be any of the settlement issues. She feels there's enough unclarity that they should really sit down and discuss this and decide where they want to be.

Commissioner Woods was recognized and said that, as a matter of practice, to have this agendized and out in the open is where they can all discuss it, instead of in a room where no one's present. He thinks that they, as Commissioners, have to deliberate, try to convince one another, and then vote. That's their job. Then they can move on and work together on the next item. This issue is new to him. He wasn't here in 2020 when it came up and one of the first things he did was have a conversation with Nathan (Nate) Nielson, the Tax Commission's Lead Deputy Attorney General, to help him understand what this does and doesn't do. One of the things that was clear was that this does not abdicate any of their accountability. That has been reiterated by the Chairman and all members of the Commission. In this document, they – as Commissioners – are not abdicating any accountability of the oversight areas they have. He thinks that's an important message and if they need to say that repeatedly, through Evan Sailor, Chief Operating Officer and the [Operations Leadership] team, then that's a message that needs to be loud and clear. This authorizes some activity to say if it's done, and some third party says, "under what authority was that done," there is a document they can point to with legal authority. It didn't have Commissioner Woods' signature, but that authority was granted. To him, in the football analogy, the area he oversees, Property Tax, he thinks they'd be on the defensive side of the ball. They react to things that are thrown at them. So, if on a particular play, George Brown, Property Tax Division Administrator decides to blitz and not cover his man, and his man scores a touchdown, Commissioner Woods is accountable for that. That's something they have to work out, and he's fine with that. Mr. Brown doesn't have time to run over to the sidelines and ask whether he's covering the guy. There needs to be some real-time judgement that's provided to staff for those

situations. At the end of the day, he doesn't mind being accountable if he knew the plan. If this document assists in the legality of the defense for day-to-day operations, he sees it as beneficial with the clear understanding to everyone that they are not abdicating anything. If the Commissioner with oversight wants to be informed and have input about whether a stamp on an envelope is placed in a certain position, he supposes that's the judgement of every Commissioner, but it can't slow down the process to the point where the mission isn't fulfilled. As he went through the list of delegations, there was only one related to Property Tax and that was a deletion, so he was relieved. The rest of it seemed to be either in the weeds, or he can make an argument about whether the agency even needs to do it. One was the notice of deficiency authority. Since the Commission sits as a quasi-judicial panel in review of those notices of deficiency decisions, it would be odd that they would all agree, then to come back and sit in review of it. There has to be some ability to have that process proceed, then they sit as a judicial panel and review that work. Commissioner Woods asked if Mr. Nielson would elaborate, because in statute, there seems to be some ambiguity between the use of the term "commission" and whether it means Commissioners or staff. This document seems to be an attempt to clarify that.

Mr. Nielson was recognized and said that throughout statute, the term "tax commission" is used and in those instances, it could refer to the four Commissioners or to the body of the Tax Commission: all its' employees. It's not always clear what the phrase "tax commission" means. Having a delegation of authority like this provides more clarity. If the four tax commissioners agree that this authority rests with a person, or group, that provides some clarity where the statutes may be a little hazy on what the phrase "tax commission" means. Commissioner Woods said in conclusion, his remarks support both motions.

Commissioner Moyle said she'd like to bring up the fact that she agrees; delegation of authority can be a very good thing, but having it in a resolution that they haven't discussed or set into policy, and having a good policy to give good direction, is not what they have tried to say that they want to do with the new strategic planning and the new OE processes. What she's saying is that she thinks, rather than lessening the resolution, other than there are a few things under the settlement portion of it that she thinks they need to look at maybe bringing it back to the Commission rather than do the daily tasks, which she would love to be able to discuss, but they're just not quite prepared. She'd like to strengthen it to make sure there is clarity, that they're providing the direction that is necessary, that they're giving the resources that they need to, that they are providing the training and quite frankly, even in listening, during the strategic planning, to the question of "what do the Commissioners do," they should make sure they're providing that clear direction and that they understand. She really feels, over the last little bit, there's some micromanagement going on that leads some to believe the Commissioners are abdicating rather than delegating. She'd just like to make sure they're all very clear, that they're laying out processes, that it's documented very well, and that they have discussed what they feel those roles should be. They're under a new organization, which is the perfect time to be able to look at this and decide if something falls into daily duties or if it maybe needs to come to the Commission, and there's things on the list that she feels, in the settlement portions of it, even, that need to come back. Even with the billing letters. As an example, in the billing letters, if a taxpayer pays and they sign that letter, they're signing away their due process rights. She doesn't believe that that should be happening. That should be coming back to the Commission. They have not sat down and had these discussions. The fact that she has those she's trying to delegate authority to writing these [letters] and then bringing them to her and telling her she has to sign them is not appropriate for her. She doesn't feel they are prepared.

Commissioner Woods said, in listening to what Commissioner Moyle has said, there was a mix of organizational directives, which he doesn't think this is meant to achieve and then what this is meant to achieve. For him, this is a vehicle to clear up some statutory ambiguity and make sure that when someone does something routine, they have authorized, then that exists. He could support her motion if it's to take more time to clear that up, but he thinks that this is not a document that's an organizational directive. This is a document that provides for legal backup to authorities, and if Commissioner Moyle needs to weigh in on those in her area, he doesn't want to get in the way of that. He doesn't know that it's an OE – One Team directive. This is more cleaning up statute and making sure that what this agency is doing is legal.

Commissioner Zwygart said he agrees with Commissioner Woods. He thinks they should remember that all documents are living documents, like strategic planning, like the One Team concept, they're always changing. Voting on this, they then have something to change, if they need to change. Right now, they don't really have anything but the 2020 document. Less than a year ago, he finally saw that document. By voting on this today, starting with this document, if they need to make changes, they can make changes to a document that is current, with them as commissioners. Is it perfect? No. Three months down the road, maybe something will change, and they need to make a resolution to change that. That's just part of doing business. He doesn't think anyone can come up with a perfect statute. He doesn't think anyone can come up with a perfect law. That is what Commissioner Woods is saying: they need to start with something and go from there if changes are needed.

Chairman McCray said the items in the addendum are tactical. There's nothing that falls into the strategic policy arena. Again, it doesn't abdicate authority to have that input, to have those discussions, and make those changes. Commissioner Moyle disagrees. There are portions of this where they're giving settlement authority. Chairman McCray said to a certain value, yes. Commissioner Moyle said she disagrees. That is the question she has: under the new structure, does that belong at that level or does it belong with the Commission? They haven't had those discussions. They're not prepared for this document in its entirety.

Commissioner Woods asked if Commissioner Moyle is talking about items 12 and 20 on the [exhibit]? Commissioner Moyle said yes. Commissioner Woods said he's blind to the volume of transactions that fall under this. Is that two a day, fifty a year? Commissioner Moyle said she doesn't know because they haven't had the discussion. That's her point. Commissioner Woods asked if this could move forward if those two items were postponed? Is everything else okay? (Commissioner Woods obtained permission of Chairman McCray to pose the questions to Commissioner Moyle.) Commissioner Woods asked Commissioner Moyle if those were deferred to the next meeting, would the rest of the resolution be okay. Commissioner Moyle said it may, but she doesn't feel this document is ready. She doesn't understand why they're delegating their authority in one place, then saying the oversight commissioner has it again. That's not something she wants to vote on. She doesn't feel they're prepared for this. Commissioner Woods responded that in his view, if she's over income tax and she says even though the authority can be delegated, she wants to see every write-off, she has every right to do that. Even if this were to pass the way it is. She has oversight of income tax and can tell staff they must bring every write-off to her. He said they can't go back and have a conversation like this outside of this forum anyway. He isn't trying to drag this meeting out, but he's trying to reach some sort of consensus.

Chairman McCray said he hasn't heard anything new, so he clarified the motions. There is one motion to delay by Commissioner Moyle, but he hasn't heard a second. Commissioner Woods seconded the motion with the caveat that he still needs to be convinced. Commissioner Zwygart asked, with a second, whether they need to wait another quarter for the next business meeting to discuss this. Commissioner Woods said he feels a quarter would be too long. Commissioner Zwygart asked if there would be a special business meeting to discuss it. When will they be allowed to discuss it because they're not allowed to discuss it when not in a public setting. Commissioner Woods said the authorities that were approved in 2020 exist right now. To him, delaying it by 30 days just leaves those authorities in place. There's no gap in which they're exposed and if they're really trying to address Commissioner Moyle's concerns, they take 30 days to do that. He could support her motion, but they can't go back and have side conversations in the interim. Commissioner Woods asked if she would provide mark-ups to the Commissioners?

Commissioner Moyle said she has concerns about the absolute direction they would like the agency to go as far as the difference between what is operational and what is maybe the commission side of it. She would like to further those conversations. Commissioner Zwygart asked how they can further those conversations if they're not in public. Commissioner Woods said what he heard today is that each of them, in the area over which they have oversight, they have tremendous ability to make direction, to say they want to see everything. There's nothing in this document that precludes that and there's nothing they, as Commissioners, would do to stop her from doing that. Commissioner Moyle said she feels they'd be better off, rather than doing this in a resolution, to have a clear, written policy just like what they're asking OE to do. To have it written so there's no

misunderstandings, that they gain that trust. She said, quite frankly, she is in a tough spot because it isn't that she mistrusts, it's just that she doesn't feel like there's trust and she doesn't feel like she has the relationships she needs to have and she doesn't feel that by delegating her power, she is comfortable enough to know that those to whom she's delegating that power to aren't back-stabbing her or trying to undermine what her actual authority is. She feels that sometimes by delegating that authority, they get too much micromanaging, and it creates confusion and she's trying to delicately say this. She just wants to make sure they understand that delegation is not abdication and she doesn't feel they're there yet, and she doesn't feel, based on the conversation that began this vote, that there is enough consensus of what the Commissioners do and what the organizational structure is, at this point, to say she's ready to give that authority away; to delegate that authority down. There are certain things she would love to see strengthened within the document they were handed. Again, yes, they went through this in 2020, and she didn't feel they were prepared then, and in 2016. Statute says they "may" delegate but that doesn't mean she has to blanket give delegation away. She thinks it needs to be thoughtful and strategic and if they're going to ask for OE processes to be put in place, why not do it with this. Why not make sure they have a clear delegation of authority policy for the agency in place.

Commissioner Zwygart was granted permission to ask a question. He said the Commission had this in 2016, 2020 and now it's 2025 and no one has made any changes. Commissioner Moyle said there have been changes, and if you look, there were corrections. In fact, it's easy for Commissioner Woods because all of Property Tax was taken off. They've not had discussions about how property tax would fall within this. Commissioner Zwygart asked to be able to ask his question. He asked, and he's fine with when it was received, but when he first came on as a Commissioner, he was never given this document. Why, if she wants to make these changes, why haven't they been made? Commissioner Moyle said he's getting right to her point. Because it's not a policy, it's not a process. That's her point. There should be process and policy for the division or the agency that is clear and concise.

Commissioner Woods said this document is not a policy document. This document clears up statutory ambiguities and authorizes, not delegates, not mandates, it authorizes delegation "if you so choose." For instance, when they talk about trust, it's a big word. He could say he wants every settlement write-off of \$5,000 or \$10,000 to come before the Commission because he doesn't trust what's going on. That would be an inefficient way to run the organization. But, if he chooses, approving this document doesn't prohibit him from making that request. Commissioner Zwygart said that's what he's questioning: why didn't Commissioner Moyle put a policy in place over her area to say she wants to see those. Commissioner Woods said she can because this document doesn't prohibit that. Commissioner Zwygart said he could say that all sales tax of \$0.02 and above, he wants to have his signature on. He has a right to say that even with this document in place.

Chairman McCray said it feels as though they're having the same discussion repeatedly. In the interest of time, he will move forward with the motions. Commissioner Moyle asked what legislation this is clarifying? By delegating your authority, what legislation are you clarifying? Mr. Nielson responded. He said there are a few places in the statute that talk about delegation of authority. He thinks Commissioner Moyle's primary concern is in Idaho Code section 63-3048, which is the statute about adjusted or compromised cases, and settlement agreements. In that section, it says, "[t]he state tax commission, or its delegate, is authorized to enter into an agreement in writing of any person related to the liability of such person, ..." It goes on to discuss settlements and says the commission may delegate authority for settling cases, and there are other provisions; over \$50,000 cannot be delegated and must come before the commissioners. This delegation of authority before the Commission clarifies the first section, that the state tax commission's delegate is authorized to enter into an agreement. It provides more "meat" to that statement, including who the delegate is, and up to what thresholds are allowed, to settle cases, so it provides clarity, specifically on the issue of settlement cases, on what that statute means to delegate authority in settlement cases. There are other examples he could provide, but he believes this was more germane to the conversation. Commissioner Zwygart said he appreciates the discussion because he was unaware that he could write policy over the sales tax area, that he could ask Ms. Palmer to send him everything she writes, even the drafts. Not that he wants to, but he was unaware that he had that authority.

Commissioner Woods said, as the second to the motion on the floor, to the maker of the motion, that Resolution 20-06 is in effect until modified. He asked if Commissioner Moyle is willing to modify the motion to bring this resolution back to the Commission in 30 days? Commissioner Moyle said that would be fine if that's what they choose. Commissioner Woods said he wants to keep the pressure on them to either do something or leave the old one in place, or revoke the old one, and not just keep kicking the can down the road. He asked if she would agree, because they've all four said that such a document does not abdicate their authority in any way, shape, or form. Commissioner Moyle said she would agree.

Chairman McCray asked for a clarification on the motion. **Commissioner Moyle and Commissioner Woods agreed that the motion is to postpone the vote on Resolution 25-01 for 30 days. Commissioner Woods is the second to the motion. Chairman McCray asked Ms. Young to conduct a roll call vote. Commissioner Woods, aye; Commissioner Moyle, aye; Commissioner Zwygart, aye; Chairman McCray, no. The motion to table the vote on Resolution 25-01 for 30 days is approved.**

House Bill 93 Report

Kim Wind, Revenue Operations Division Administrator and House Bill 93 Project Sponsor presented a high-level overview of House Bill 93, the Parental Choice project. The current messaging is, "We at the Tax Commission continue to analyze the implementation of House Bill 93, the Idaho Parental Choice Tax Credit bill. As more program details become available, we'll make them public." That's the current messaging and she'll cover the rollout of what's been happening. They have webinars and seminars on August 19 that are full. On August 26 there is an in-person seminar, in Boise, and she encourages people to attend. On September 11, they have another webinar. Commissioner Woods asked why they are full? Why is there a limited number? Ms. Wind deferred to Julie Eavenson, Public Information Director, for response. Ms. Eavenson said they capped it at 100 people because that's all they can effectively manage in a webinar to ensure questions are answered and presentations made. They pushed it as far as possible. They'll see how the first one goes and may adjust, but that's why it's capped.

Ms. Wind continued talking about the initial news release. They want parents to know that those who want to be ready to apply for the Idaho Parental Choice Credit should review the FAQs on the Tax Commission website. (There is a link at tax.idaho.gov.) The Idaho Parental Choice Tax Credit is a new refundable tax credit program that provides nearly \$50 million in state funds to pay for eligible nonpublic school expenses for Idaho K – 12 students and Idaho disabled students, up to 21 years of age. The program allows parents to apply for a tax credit of up to \$5,000 for each eligible student, and up to \$7,500 for each eligible disabled student. Priority will be given to those parents whose total adjusted income doesn't exceed 300% of the federal poverty level. Ms. Wind encouraged those people to still apply because if there's money after prioritization, it's first come, first served. Parents will be able to apply for the 2025 program online from January 15, 2025 through March 15, 2026. Applications will be processed in the order in which they are received. The Tax Commission recommends parents prepare, as she's stated, by doing the following – and this is really the message for today: Keep receipts for their 2025 eligible expenses; file their 2024 tax return (because the Commission will use this return to determine Program eligibility); get a Taxpayer Access Point (TAP) account at tax.idaho.gov/New TAP. Parents will need an account to apply for the Program. Those are the three important things for people to know today. The available FAQs are on the Tax Commission website and cover what the program is, when people can apply, how to apply, and whether there is a limit. There are 10 questions right now and it will be updated as more information becomes available.

She is the Project Sponsor, but the person doing most of the work is Project Manager Shannon Carter who's working with each division gathering requirements for the project and working with developers. They've completed 18% of the project, so far. There is 35% in progress, with 47% not yet started. It is a great timeline Ms. Carter has put together. The first part of it included Commissioner decisions that were needed for the policy. Ms. Wind thanked Greg Busmann, new Compliance Division Administrator, the subject matter expert (SME) on the project. They now have the reports, the questions, and the Commissioner's decisions on how to roll out the program, and Ms. Carter has been very busy putting it all together.

The Communication Plan includes the webpage, news releases, FAQs, webinars, in-person outreach, web notices (from TAP), and informational videos. When they talked about the webinars, and the bandwidth of staff, they discussed recording videos so people can review those instead of waiting for a webinar that might have available space. Their first communication in July included that parents must file a 2024 tax return, they must have a TAP account, how to apply for the TAP account, the FAQs, the explanation about the 300% of poverty level, and what receipts to keep, which mirrors the House Bill 93 language.

July is the rollout; August is coming, and they'll publish another news article. There'll be more outreach, including webinars, and they'll continue updating the FAQs, especially about the advance credit. They've already received numerous questions about advance credit. The goal is to explain how that works on the website. In September, they'll publish another news release about what documents will be needed to apply, and they'll announce additional webinars or education plans. Then in October, they'll provide more news releases, additional webinars, and social media announcements to keep everyone up to date. As they gather information and develop the program, they're putting it onto the website to explain what's needed. November will be the same, but in December is when everything must be ready because the program begins in January. They'll provide a news release outlining the application period that begins January 15, 2026, a TAP application video and instructions about how to apply, and in January, they'll provide another news release saying that application begins January 15. There is a dashboard, per statute, showing how much money is expended and how much remains, and it will be live on the website in January. They'll continue to update social media, as needed, to alert the public to what they're seeing, since this is a new program.

Chairman McCray thanked Ms. Wind and opened the floor to questions from the Commissioners, then anyone from the public that would like to comment. The Commissioners had no questions. Chairman McCray asked if there were any participants by phone who'd like to comment. There were none. Chairman McCray asked Ken McClure, public member, if he'd like to make comments or ask questions. Mr. McClure introduced himself and noted he did some of the drafting and lobbying work to enact House Bill 93. He's offered the Tax Commission help with communications, saying he sent an email to Chairman McCray, Commissioner Moyle, and to Mr. Sailor. If that email needs to be included in the minutes, it's a public document. The email covered some ways communication can work a little better. His client, American Federation for Children had done this in several states and has learned from mistakes already made. They offer those services to the Tax Commission. Chairman McCray thanked Mr. McClure. There were no further comments.

Administrative Reports

Evan Sailor, Chief Operating Officer

Mr. Sailor said last quarter, the focus was on strategy and during the week of June 9, the Commissioners and Operations Leadership Team participated in the annual strategic recalibration. He thanked the Commissioners and his colleagues for participating. He also thanked the participants including some external guests. Carol Blanchard, Assessor from Fremont County, and Johanna Defoort, Valley County Treasurer, Miguel Legaretta of the Associated Taxpayers of Idaho (ATI), and BobbiJo Meuleman of the Boise Metro Chamber of Commerce. Internally, Aaron Yost, Government Affairs Manager, presented the Voice of the Organization, but the biggest thanks go to the employees. These employees were asked to give constructive feedback on what isn't going so well. It's a difficult thing for an employee to come before all their bosses and provide that. He thanked Holly Heinrich, Jill Sanders, Matthew Crockett, Tammy Schwendeman, and Elena Gonzalez. They did a great job. The new strategy posters have been ordered and should be ready soon.

Employee meetings occurred in May, and he thanked the committee for coming up with the theme and changing the presentation style. He thanked the Commissioners and those that traveled for these meetings. He specifically thanked Steve Taylor, Dee Smith, and Talon Johnson for their participation. On May 6, everyone traveled to Pocatello for the Eastern Idaho meeting; May 13 was Northern Idaho, and on May 28 it was the Boise Office.

In June, the Certified Public Manager (CPM) class graduated, including Colby Cushman, Kayla Osterhout, Nick Ritchie, Tim Clark, and Shannon Carter. They represented the Tax Commission very well.

The employee picnic was held on July 10 and was a big success, raising money for veterans. He thanked those that participated in the dunk tank, especially Waldo. The volleyball game was very competitive.

He just began “Coffee with the COO” last Wednesday and in Boise, had a rolling total of about 70 participants. Thursday was online with the Field Offices and there were approximately 51 participants. Both sessions went well, and he hopes this will help improve communications.

Family Day will be August 7 from 11:00 a.m. until 1:00 p.m. at the Boise office.

Lisa Palmer, Tax Appeals Manager

Ms. Palmer said there are Appeals Resolution Meetings at 12:00 p.m. today and another on August 6, at 10:00 a.m. Her report today covers from April 1, 2025 to June 30, 2025 and they closed 106 appeal cases. Over the same period in 2024, they closed 129. They currently have 186 cases open. Of the 106 closed cases, 36 were resolved with a written decision, in 44% of those, a protest withdrawal was received from the taxpayer, in 5%, they entered into a closing or settlement agreement, and 15% were closed “miscellaneous” which includes the taxpayer filing their returns or the notice was canceled. Four cases went before the Board of Tax Appeals; in two, the Tax Commission decision was reversed (domicile issue), and two were dismissed: the taxpayer likely didn’t perfect their appeal before the Board.

The average days to close a case during this period was 181 days. The average number of days over the same period last year was 293 days, but that was due to some very old multistate audits that were closed, which boosted the average last year.

Appeals currently has all their positions filled, having recently added Xiaonan Zhou to fill the vacancy left by the retirement of Keven Griffin. Ms. Zhou is completing some of her multistate audits while learning the Appeals process. She’s been a great addition to the unit, and Ms. Palmer looks forward to working with her.

Commissioner Zwygart said the average days to close a case are coming down and he wanted to congratulate her and her team. Chairman McCray said he appreciates the effort on the number of withdrawals. Having almost 50% of cases being managed either through returns filed in the miscellaneous category, or the protesters withdrawal is a testament to how well her team is doing providing customer service to taxpayers. He thanked her.

George Brown, Property Tax Division Administrator

Mr. Brown reported it’s been unusually quiet in Property Tax over the last quarter. He can attribute that to the hard work of everyone in the Property Tax Division, which includes over 400 local officials and everyone that works for them, too.

The Social Security Administration has a follow-up meeting for them tomorrow to verify and validate their new Property Tax Reduction (PTR) process in GenTax. He’s happy to report they’ve begun a review of the 2019 Basic Mapping Manual for possible updates. That’s because they now have a fully-staffed mapping section – three people. This is important because several years ago, they had a large Mapping Training program. Because of the turmoil in the Property Tax GIS (geographic information system) unit in the last few years, they backed off that program, but the demand remains. Hopefully they can get the manual updated and start doing basic mapping courses again. It was quite popular with counties. Chairman McCray asked who attends the training. Mr. Brown said county and city mapping departments, assessor’s offices, and planning and zoning departments. It includes cadastral mapping, which is a fancy word for good old-fashioned mapping, and GIS is the computerized systems. They usually get county personnel, but occasionally they have people from out of state. It’s structured training. Idaho Property Tax has their own courses, but they also teach International Association of Assessing Officer

(IAAO) courses in GIS and people like them because the certification helps them maintain their certification. There are multiple certified mappers in Idaho.

Mr. Brown talked about the “4-R analysis” they do every year to comply with the federal 4-R’s Act (the Railroad Revitalization and Regulatory Reform Act) wherein operating property values are adjusted based on where county values are. He won’t go into detail, but they must be at a certain level of assessment that is comparable to operating property, or they move the operating property down to reflect that same level of assessment, so they don’t pay more than similar properties assessed by the counties. He’s glad to report that those adjustments are half what they have been in the past. That’s strictly because the counties are doing a better job. They’ve pushed for a few years to get commercial appraisers in the counties trained, and to have their county commissioners understand how important that is for uniformity. They’ve answered that call, as a group, very well. In general, appraisals at the county level for commercial and industrial property are much more accurate and reflect a much closer accuracy to the market value than they have in the past. Congratulations to the county assessor’s offices for that.

The five-year-plan progress reports are coming up. They don’t anticipate any issues. By way of explanation, every property must be visited every five years by the Assessor’s Offices. They must “put eyes on” every property. They must provide the Tax Commission’s Property Tax Division with a five-year plan on how they’re going to accomplish that, and it must be approved at the beginning of the five-year period. This is the time of year the consulting appraisers check those plans by going to the counties to determine their progress. There are benchmarks in statute and by the third year, this year, 55% of the total must be completed. They don’t foresee any problems with it this year. There don’t appear to be any counties severely out of compliance.

Chairman McCray asked if Mr. Brown would talk about the employee that has received a lifetime achievement award. Mr. Brown said Alan Dornfest, Property Tax Policy Bureau Chief, received another lifetime achievement award from IAAO for training. Mr. Dornfest has been an IAAO Trainer – there is a certification process to be able to teach IAAO courses and it’s very strict. There’s a class trainers must take, and it only has about a 50% pass ratio for any one class. They must prove themselves worthy as leaders and instructors. After that, they must have recently taken any class they wish to teach. Mr. Dornfest teaches the policy class, which everyone in this room should take if it’s ever available. It’s a good class because it covers not just property tax, but tax policy – at the educational level. Mr. Dornfest teaches several different courses, so the Education Committee of the IAAO recognized his value as an instructor. He really is in international demand as an instructor and as an advisor. His classes are very good, and they’ve recognized how important he is to that community, internationally, by awarding him this Lifetime Training Achievement Award. It’s the promotion of that whole training activity in that organization. They have about 9,000 members internationally. For Property Tax people, it’s a big deal. The Idaho Tax Commission is lucky to have Mr. Dornfest and they’re very glad he received this award.

Greg Busmann, Compliance Division Administrator

Mr. Busmann introduced himself as the newly appointed Compliance Division Administrator. He updated the Commission on Compliance statistics for fiscal year 2025. Compliance created 153,285 cases. During the same period, they closed 161,951. As of the end of June, there were 58,859 cases assigned. For the fiscal year, they collected \$288.3 million. The majority of that came from individual income tax, followed by sales tax, and followed by withholding tax. The outside collection agency has 9,691 cases with a debt of about \$70.6 million; \$1.5 million has been recovered through their efforts. Through FAST Collection Services (FCS), they’ve recovered \$50.4 million, which is about 17.5% of total recoveries. He said they’re well above their guaranteed rate of return for FCS. As of the end of June, they have an outstanding balance of \$229.3 million.

Mr. Busmann recognized Shanna Deitrick, Tax Field Office Manager, who was instrumental in the success of the Employee Picnic. She also helped with the implementation of House Bill 144, which was the Small Sellers and the Temporary Seller’s Permit bill. Compliance is almost fully staffed. They are currently recruiting four Compliance Officer 1s.

Chairman McCray said he appreciates seeing the outside collection recoveries increasing. It's been a process to get into the larger collection amounts. He likes to see that return. He also congratulated them on the House Bill 144 implementation; thankfully, he doesn't normally receive external feedback, but in this case, he's received several positive comments on how easy it is to apply for a permit and for how clear the information is, so they know the requirements going forward. Well done.

Robert Foster, Audit Division Administrator

Mr. Foster reported that the fourth quarter, and fiscal year 2025 overall, were strong and productive periods for the Audit Division. From efficiency to customer service to production and accomplishments, the team delivered outstanding results.

During the fourth quarter, they closed 43 development work orders (SQRs) which is a 59% increase over the fourth quarter of 2024. In Fraud, the largest scheme is fake W-2's which accounts for a little less than 70% of the overall frauds in Idaho. Fake 1099's are just under 10%, and fake 1099-DIVs, for dividends and distributions, account for just over 6%. Fraud activity has remained low in Idaho while staying high for the rest of the nation. This fiscal year, 0.02% of the total returns received were fraudulent, and FIVS (fraud identity verification system) identified 49% of those fraudulent returns and the FCIU, the fraud and criminal investigations unit, identified 51% of those fraudulent returns.

There are currently eight criminal cases assigned to a county prosecutor and awaiting action or sentencing. There was one new case sent to a prosecutor this quarter; two were sentenced, and two were dismissed. They've had multiple individuals with falsified income and withholding, an individual with unreported W-2 wages, a theft case, and multiple embezzlement cases. They've had two press releases this quarter: an owner of an amusement business filed sales and use tax returns with underreported sales for a total of \$53,000 in unremitted sales tax; and a general manager of a power sport outfitter embezzled \$455,000.

For Audit statistics, they had a very strong quarter and year. In the fourth quarter, they closed 5,372 audits compared to 4,510 in the fourth quarter of 2024 for a 19% increase year over year. The year shows continuous efficiency and improvements throughout. Audit recoveries totaled \$26.16 million in the fourth quarter, compared to \$19.03 million in the same period of 2024.

Audit survey letters are relied upon to provide important feedback from taxpayers and was 95.21% in the fourth quarter for a 2.8% decrease; however, he's happy that in looking at fiscal year 2025, they averaged 96.1% of all respondents that graded them with "agree" or "strongly agree," meaning Audit staff provided good customer service throughout the audit. That is an increase of a little under 5% compared to 2024.

They recognize Survey Superstars, or those that have provided outstanding customer service. He highlighted Cindy Russell, Maureen Gregory, Lynae Van Horn: and a note for Ms. Van Horn said, "Ms. Van Horn was exceptional. She was courteous, open, and informative throughout the process. I know most people dislike audits, but working with Ms. Van Horn was a great experience." Mr. Foster said that's exactly what they're looking for in the Audit Division. Continuing, Josh Condrack, Andrew Jones, Denise Reese, Kathryn Christie, Donna Teare, Peggy Wright, Jun Arcayena, Lola Lynch, and the note for her says, "Have the woman who spoke to me be the blueprint for how everyone else should call people. All of my questions were answered. This phone call was incredibly helpful, informative, and genuinely brightened my week. She was a delight to speak with." Laura Turner, and her note read, "Laura Turner was great to work with and very helpful in assisting us with completing the VDA efficiently. Laura was courteous, responsive, and knowledgeable." Finally, Josh Campos, and Doug Draney. For accomplishments, they had four people attend the Multistate Corporate Income Tax Training at University of California-Davis. They trained on allocation, apportionment, nexus, and managing multistate audits.

In late April, the 2025 Western Region Tobacco Conference was held in Boise. The conference was made up of both state and industry representatives and James Hammack from TDB, the Tax Discovery Bureau, is the Governor of the Western Region. He helped plan the event, scheduled guest speakers and ran the conference. It was a great success. They received great feedback on all that he did. In June, Mr. Foster and Scott Slaughter, Tax Auditor 4, presented to the ISCPA, the Idaho Society of Certified Public Accountants, at their annual meeting. Mr. Foster's topic was Bridging the Gap, How Auditors and CPAs can Work Together More Effectively. He focused on improving how the Audit Division can work with CPAs, clearing up common misconceptions, frustrations, and making sure the audit goes more smoothly for both sides.

In June, the FTA (Federation of Tax Administrators) Fuels Tax Audit unit sent six staff to the IFTA (International Fuels Tax Association) Educational Forum in Orlando, FL. It included audit processes, understanding IFTA, law enforcement's role, and much more. He also recognized Jun Arcayena, Tax Auditor 2, who graduated with a master's degree in accountancy from NNU, the Northwest Nazarene University, in Nampa, ID this quarter. The Audit Division currently has three vacancies.

Commissioner Zwygart asked if the results of the surveys are being given to staff. Mr. Foster said they are. They're published in their newsletter, talked about in team meetings and bureau meetings. Commissioner Zwygart thanked him saying it's a great team. Chairman McCray said Mr. Foster is showing improvement in the number of audits closed versus last year and asked if there is an explanation. Mr. Foster said it's a combination of embracing efficiency and there was an opportunity in Fuels Tax where there was a backlog they were getting caught up throughout the year, so they were able to get more accomplished because they had the ability to do it. He thinks the biggest overall characteristic is working smarter instead of harder. They did a great deal with Operational Excellence (OE) this year and ultimately have put processes and procedures in place to work more efficiently throughout the Audit Division. Chairman McCray thanked the Audit team for their work on House Bill 144. He also appreciates the sharing of recognition. If it keeps going the way it is, soon it will take up all the Audit report. He's excited to hear the positive feedback they're receiving from citizens.

Kim Wind, Revenue Operations Division Administrator

Ms. Wind said Commissioner Moyle has told her it's now her job to predict the number of tax returns for the year. She doesn't remember the previous number, and it's only been a couple of months since she's taken over the Revenue Operations (RO) Division, but she's a numbers person. Year to date for 2025, they have 957,000 returns filed compared to last year's 1,027, 357. Her guess is, then, 1,040,000 for the year.

The business income tax returns (BIT) year to date is 81,852 filed, compared to last calendar year is 141,269. In October, they'll likely see that number increase, as the business returns start to come in. The number of refunds processed, year to date for 2025, is approximately 682,000. In 2024, it was 701,869. They have seen an increase in the refunds. The Idaho Business Registrations (IBRs) is 11,898 year to date, compared to the whole year of 2024 at 25,712. The withholding permits last year was 101,143. Year to date this year, they're at 101,836. The state's still growing, and this is the reason she's predicting an increase in the number of returns they expect.

The Revenue Operations team has demonstrated exceptional resilience in navigating numerous changes during the first half of the year. A key development was her transition to the Division. With the leadership transition, they anticipate continued process enhancements along with the expanded opportunities for employee growth and development. The Division has been very welcoming.

There were two CPM (certified public manager) graduates: Nick Ritchie and Kayla Osterhout. Mr. Ritchie's project was a seasonal staff management manual. They have approximately 50 temporary employees every year. The manual will help them be more efficient when hiring and training seasonal staff are hired for tax drive every year. Ms. Osterhout's project was an RO Supervisor training. She trained one supervisor during her project, and over the summer they're training the other supervisors. Ms. Wind hopes to implement Ms. Osterhout's project throughout the agency. Revenue Operations staff remain committed to continuous

development of staff through training and growth opportunities. There will be positions posted soon, and she hopes they will be promotions.

The temporary hours for fiscal year 2024 was 29,853. For fiscal year 2025, it was 21,963. There is a decrease, but the work is still there. Seasonal employees can only work so much time before their retirement is affected. She didn't realize, when she came into the Division, why the supervisors were monitoring their time so closely. She saw that there was still work to be done and they were trying to move the seasonal employees out. Consequently, full-time staff are still working hard to keep up with everything in the queue.

The RO Systems and Technology unit is busy. They have annual system upgrades, FRED, and PCM, the process center modernization project, that just went live with Phase II last week. She thanked the staff because they had to bring in more individuals to help make sure they met their targets and to be ready to go live in the next filing season. There've been so many people involved, and she's brought in even more for testing to make sure they can be successful. They're still working on the Core 21 (GenTax) upgrade and they're getting application units for House Bill 93 to help process the applications that will be submitted.

In initial data operations (IDO), which is where all the mail is processed, has continued to demonstrate exceptional performance in managing a high volume of mail. The team processed over 53,000 pieces of income tax mail with minimal backlog. They also worked almost 42,000 pieces of permit mail with a significant amount of that made up of the Form 967s. In addition, that team handled 38,000 pieces of miscellaneous returned mail and processed over 99,000 pieces of payment mail. Ms. Wind provided a graph for the Commissioners, and it appears they have less mail received compared to 2024, because 2023 and 2024 were relatively even.

The Resource Team recently welcomed a new supervisor, Hannah Martin, who has played a flexible and essential role. Ms. Wind is excited to have her because she is part of the RO Academy and building the foundation for RO skills. The Registration and Processing unit (RAP) is individual income tax. Temporary staff ended their seasonal assignments, so as of the date of the report, the current backlog for individual income tax is 14,812 items. They still have a bit of backlogged returns they're processing.

In June, both permit groups welcomed four new employees, all of whom are currently training in the RO Academy. Ms. Wind has done ten "meet and greets" since she's been in RO these two months, to say hello and see what's going well. She's amazed at how many people have only been with the agency for two or three years. She hopes to keep them, but it's a new group, compared to other parts of the agency. The Permit teams have been working with the House Bill teams to prepare for the implementation of House Bill 144. She thanked Mr. Foster for leading the efforts with the legislative changes. They're also preparing for Core 21, the Fairfax testing, which is the PCM project, the IFTA kickoff is scheduled for early July with planning already underway, and the ADT (amusement device tax) decals have been received and ordered. Multidivisional meetings are led by Tarra Harris, Central Processing Bureau Chief – and Ms. Wind thanked her for "keeping the wheels on the bus" through the transition – and she's addressing ongoing issues related to payroll specifically company payment allocations identified by withholding. Efforts are underway to resolve those discrepancies. Rebecca Danley, Audit Bureau Chief, has already sent them four pages of things that can be improved. Ms. Harris will use that to determine how they can become more efficient in withholding. Ms. Wind appreciates Ms. Danley for the information; she expects nothing less from her.

Chairman McCray said he sees that the refunds are up, and the amounts are up. He asked if there is an explanation and is anything being done about it. Ms. Wind said she's seen that a big portion of those she's approved are due to ABE (affected business entity) payments that came in earlier and now they're getting their refunds. She expects to see that in October, also. It would be helpful if people changed their withholding grids. She saw that in Audit, too. Some companies haven't been able to change withholding in their systems because it takes time, and individuals can change their W-4. That's not a normal thing for most people, but she changes her W-4 every year. She said if people are receiving large refunds, they should look at changing their W-4. Chairman McCray asked what they're preparing for next fiscal year to ensure refunds continue to go out in a timely manner.

Ms. Wind said next year they're planning earlier for the workload. Seasonal employees have often worked Saturdays through April and May and she expects to bring that back and to let them know when they're hired. If the workload is there, they need to be working Saturdays. She even worked one Saturday and brought doughnuts. There were only a few staff, but it's easy, low-hanging fruit. But they'll monitor the workload earlier, knowing they'll be working Saturdays in April and not waiting until May.

Chairman McCray apologized for not asking earlier during the House Bill 93 report, but he asked if they're considering contingencies for January 15th when the applications begin. If the system crashes, the agency will need to coordinate with Information Technology Services (ITS) and our own Technology and Innovation Bureau to have contingencies in place. Ms. Wind said she's made a note of that and will ensure Shannon Carter, Project Manager, puts it on the project plan. Ms. Carter has been working with FAST, who's helping develop this. It's great they're helping with the development because they have great ideas and they're familiar with our systems and the volumes with which we work. Chairman McCray said with the first in, first out, and everyone wanting to be number one, he thinks being prepared is crucial. Commissioner Woods asked what the estimated time is from when application is made to when notice of qualification is received. Ms. Wind said it's in statute. Applications close March 15, then they're notified, and then payment is made in 30 or 60 days, depending on advance payments. Commissioner Woods asked if those that apply will receive notification that the application is accepted. Ms. Wind said yes. They're using the TAP system, so they'll receive web notices. They'll apply on TAP. It'll notify them the application is completed, then they'll receive web notices about whether they were approved. They're trying to do it all through TAP so it's more immediate.

Rick Mascall, General Services Division Administrator

Mr. Mascall said he's only reporting on the Quality Assurance and Research (QAR) Group. He introduced Jerry Macner, who's the new Program Manager for that group. He's been with the Tax Commission about one month and brings quality assurance and Operational Excellence experience from General Dynamics. Mr. Mascall is excited to see what will happen with that team.

Chairman McCray asked if Mr. Macner will please come to visit with him about his thoughts on OE. Mr. Macner said he would.

Lisa Kopke, Financial Executive Officer, Management Services

Ms. Kopke said her team just wrapped up fiscal year end, and while it didn't go completely smoothly, they were able to fix a couple of things at the end. They received feedback from the State Controller's Office (SCO) and other agencies that they'd done a much better job this year in meeting deadlines and closing things out than in the previous year. Having been using Luma for at least a year, now, she believes they now have tools to close the year quickly. There were several projects completed. They're still working on the fiscal year 2026 (FY26) spending plan. She hopes to have that finished by July 31. That will help with visibility around tracking expenditures by cost center. They kept things at a high-level last year for budgeting purposes. They're still going to do that this year, but they'll get more optics at the cost center level, which she thinks will be helpful. They're working on the FY27 budget request and have a meeting with the Division of Financial Management (DFM) this week to review the plan.

Ms. Kopke reviewed the revenue statistics saying that June's net receipts and accruals to the General Fund were \$4.548 billion. The June 2025 to June 2024 comparison were up 1% over the fiscal year. The total fiscal year to date accruals to the General Fund were just over \$5 billion, which is up 2.8% over the previous fiscal year. The agency is in the process of reverting 1.3% of the personnel budget. There is nothing in the operating expense or capital outlay to revert. They've worked with the State Controller's Office so it's transparent for legislators when they prepare to set budgets for the Joint Finance and Appropriations Committee (JFAC).

Management Services had 72 development work orders (SQRs) last year with only one related to Luma. They have 3 in extended validation and one still open, but 67 were closed.

Mr. Sailor talked about the Employee Picnic, and Family Day, scheduled for August 7, but no one has talked about Halloween, which is right around the corner. She's heard General Services is upping their game this year.

There was one resignation, and a big one for them. For the last six months, they've finally had a Business Analyst because they have system needs, but the Business Analyst has resigned for a position in Florida. She will be greatly missed, but they're actively recruiting for that position.

Chairman McCray asked about refunds, and recognizing that the amount and the number of refunds is increasing year over year, financially, what is being done to ensure we can continue to process those refunds? Ms. Kopke said in June, the Tax Commission went before the Board of Examiners (BOE) and asked for authority to make transfers in \$20 million tranches, up to \$100 million into the refund fund from the General Fund, should there be a need. The first tranche transfer was Friday; there was about \$3.8 million in the refund fund, which is catastrophically low for this time of year. Some money will come in around the 20th of the month, then there'll be another big push sometime in October, but they're hoping this first tranche helps to get through to October. Chairman McCray said he appreciates their learning from the year-end closing process and asked if the agency is working with the State Controller's Office and other partners to document what went well and to incorporate that into the OE process for year-end and closing activities. Ms. Kopke said they are. She said QRGs (quick reference guide) are available and are the "how to" for Luma. She believes that some things, like separating the deadlines, instead of them being squished together, enabled her team to prepare earlier. They were able to ask for clarification or validation before they went into the cycle. Everything they learned this year has been documented into their processes to use going forward. Chairman McCray asked if they now have a comprehensive year-end closing manual. Ms. Kopke said it's not comprehensive, because it's still in the works, but it's getting there. Chairman McCray requested that become comprehensive.

Isaac Joyner, Technology and Innovation Bureau Chief

Mr. Joyner reviewed the projects mentioned by the Division Administrators because his team supports them all. Beginning with action items, the Windows 11 project was completed this past quarter. The due date was October, so it was an awesome effort. There were a little over 300 devices upgraded to Windows 11. In that project, the Operations Group collaborated with ITS to get everything completed ahead of schedule.

Over the fourth quarter, two projects captured most of the Tax Commission developer time. One was the PCM (imaging) project, and Core 21. The Core 21 changes were a focus on code conversion (from VB.NET to C#). Outside of those projects, the Tax Commission developers closed 128 development work orders (SQRs). Those were primarily production maintenance (things they do every year) with 76 SQRs, and the other 37 SQRs were unplanned production maintenance (UPM), or break-fixes. The onsite FAST contractors are focused on Core 21. They've brought in more of their developers for that project, with two more to arrive within the next month. They closed 15 UPMs for Tax over the last quarter.

The Project Management Office (PMO) group focused on new legislative changes for the year, Core 21, House Bill 93, FRED, and PCM. They submitted the new Annual Plan that was approved by the Operations Leadership Team (OLT), and it's now posted for staff.

Mr. Joyner has accepted oversight of the Security and Government Liaison work and he's now the Safety and Security committee chair since the recent organizational changes occurred. The Government Liaison submitted the last version of the SSR and CAP, which is the safeguards status report, and the corrective action plan tied to it, for this cycle. He says "last" for just this cycle because a new IRS audit will be scheduled soon. The CAP is submitted post-audit. In the next quarter, probably September, they plan an on-site visit to the FAST Data Center in Denver, CO, also in preparation for the requirements of the SSR and CAP reviews, and the IRS Audit.

In training, they've recorded 2,982 hours that were added into Luma over the last quarter. He's updated the business report to reflect training hours recorded by business unit. It's not accurate right now, it's a rough number, but it looks good, and he likes the layout. One issue they're having is that the training hours on internal transfers are carried to the new unit, so when there is a new Division Administrator for Compliance that comes from Audit, those Audit Training numbers are now in Compliance. They're fixing it but, for now, the most reliable statistics are the total numbers; roughly 3,000 hours for the quarter.

They had one vacancy in the fourth quarter, and they filled it. Maia Murphy is the new software developer. Finally, they had two CPM graduates: Colby Cushman and Shannon Carter.

Chairman McCray thanked Mr. Joyner for taking on the role of Safety and Security chairman. It is an important committee that is often overlooked. While this isn't a high-risk organization, there is still risk. He also thanked him for the dashboard for the Annual Plan and for making it visible. That's another opportunity to communicate, to give people the opportunity to see the projects and what's going on.

Julie Eavenson, Public Information Director

Ms. Eavenson said her team has devoted most of their time, resources, and energy to supporting all the things going on around the agency. There are roughly 40 bills passed by the legislature that touch the Tax Commission, and almost every one of them includes the website and some type of communication to the public. They've assigned people not normally assigned to statute administration committees and they've also begun using In Design again, which is required to update forms, to assist with the imaging project.

They have a full staff in taxpayer services, three of which are in the room today. They are entrenched in doing everything they need to do to ensure the Tax Commission is communicating the right things to the public. One of the things they've been working on is the "Sophie Says" campaign. Sophie was introduced to the public a week ago Friday. Two of their interns have been gathering information from employees across the agency for ideas on how to connect with taxpayers on a different level to help them feel more comfortable with the Tax Commission. Sophie is a puppy and the mascot for the Tax Commission. People tend to connect better with animals.

Ms. Eavenson responded to comments Chairman McCray made earlier about TAP. She encourages people who aren't currently using TAP to start. She's told there is great capacity like sales tax filing, withholding filing, and she firmly believes our partners, FAST, and the TAP system will be the answers to House Bill 93 and she'd like to get more people in the state using the service.

Ms. Eavenson has provided a final draft of the Communication Strategy to the Commissioners. They've been working on the plan for a while, but they now have the strategic initiative to incorporate One Team. She recently completed a white paper on communication gaps and two of the things identified are that employees want to know what we're doing, why we're doing it, and how it affects them. Strategy must incorporate that into everything. The other thing is that people trust their first-line supervisor for internal communication, so leaders need to do a better job of educating them about how they communicate those three things. If that's where the trust is, then the communication connection needs to be there. Ms. Eavenson intends to continue a couple of strategic initiatives from last year. She knows the Commissioners care a great deal about internal communication and her team will continue to track the unique Tax Insider (internal share point site for employees) views. She highlighted that over the last quarter there were 247.7 views. The strategic goal was 200. Feedback from "Coffee with the COO" indicates employees want to hear about things that mean something to them. The other is TAP usage and the things people report having problems with. There will be a couple of graphs and charts added to the Commissioner's report in the future. There is a dashboard used for strategy showing the TAP Survey Comments, and she'll explore ways to share that information.

Commissioner Moyle commented that she's heard that the TAP portion of our website says it's for business users, not individual users. If people are being asked to use TAP for House Bill 93, she encouraged Ms.

Eavenson to investigate that and perhaps rephrase it. It was just brought to her attention last week, so if that can be clarified, it would be good. TAP is no longer just a business use tool. Chairman McCray recognized Renee Eymann, Public Information Officer, who said they are already working on that. Commissioner Moyle said the comment she received came from a taxpayer who was trying to self-resolve and thought they couldn't because of the language on the site.

Chairman McCray said he appreciates the emphasis on TAP. As the state of Idaho grows, and tax administration becomes more complex with additional tax types, and the parental choice tax credit, the agency must embrace technology to not grow government. He appreciates the conversation and says they need to continue to leverage the tool and resources so citizens can take care of the business they need to do with us as efficiently as possible. However, he's been part of technological advances. Technology takes all the "low hanging fruit," or the easy activities, which then puts the burden on staff to resolve the more complex issues. As these things are rolled out, everyone needs to remember that training plans, OE Process Manuals, and evaluations take that all into consideration so staff can be upskilled to ensure the agency can handle the more complex challenges going forward.

Chairman McCray also appreciates Ms. Eavenson's focus on front-line supervisors. Employees have been talking about it for some time: the person most closely associated with them is the one from whom they want to hear information and who can answer the questions Ms. Eavenson posed earlier. Giving them the skills and the tools to be able to have those conversations with their teams is critical and will continue to be a focus. He appreciates her emphasis on that.

Rhamona Grabenstein, Human Resource Officer

Ms. Grabenstein reported the agency's turnover rate for FY25, for classified and non-classified (no temporary positions are in this report) ended at 16.4%, which is slightly higher than the overall state average of 15.1% for the same period. Vacancies, as reported by various administrators, are at 3.6% as of July 14 when the report was downloaded, or 16 vacant positions which is low. She remembers reporting 45 vacancies, all in highly critical areas. Kudos to the hiring managers. She's also received the position numbers for the new House Bill 93 positions.

Her partnership continues with the Taxpayer Resource Unit (TRU) to inform the public and ensure they see that the Tax Commission is a great place to work. They'll continue that branding and partnership. The statewide employee engagement survey ended on July 18. The participation dashboard available to her indicates the Tax Commission had 87% total participation. That's up from previous years. She thanked the leaders and the people who encouraged participation. It's an important metric to the agency strategy. Ms. Grabenstein said the standard operating procedure (SOP) work they've been doing ties into the IRS audit mentioned by Mr. Joyner and making sure they comply with the corrective action plan. Human Resources conducts background checks on every employee every five years. The Idaho State Police (ISP) recently conducted an audit of how the Agency Human Resources handles the criminal justice information they receive. She doesn't have the results of the audit yet, but she's expecting them to be favorable based on a conversation with the auditor. The relationship with ISP is good so she asked about having to re-fingerprint every Tax Commission employee, as required by the IRS. This year, it'll be approximately 180 employees. ISP agreed to come on-site and fingerprint Tax Commission employees during October. That is a great help to the agency. The Background Investigation SOP will be updated once all findings are received.

The Leadership training continues. The Hire-to-Retire series will continue throughout FY26. She has great support from the leaders, and she hopes it continues. They are also providing a Tax Leadership Series that started yesterday. She's condensed it and the participants have been highly engaged.

Finally, Ms. Grabenstein said she appreciates the entire team who works on operational excellence and documenting business processes and talking about how important it is for knowledge transfer. The Division of Human Resources (DHR) has embraced that as well, and they're now putting together comprehensive business

guides. She considers imitation as the best form of flattery. They're copying the Tax Commission because she and her team are receiving directions to do the same type of process documentation for consistency, for knowledge transfer, for being able to cover when someone is out and to have a good guide to follow.

Aaron Yost, Governmental Affairs Officer

Elena Gonzalez, Tax Research Specialist in the Government Affairs office, presented on behalf of Mr. Yost, who is attending the Multistate Tax Commission (MTC) Annual Meeting in Salt Lake City, UT.

Ms. Gonzalez said Mr. Yost provided her with a list of topics to cover and the first is the 68th legislative session overview. It began January 6, 2025, and sine die was April 4, 2025. There were 342 bills passed into law, which is a 3% increase year over year. Forty-nine of the bills passed have a direct impact on the Idaho State Tax Commission. This is a 40% increase from the previous year, and a huge increase for them to have to handle.

She reported that 82% of the bills passed by the legislature have been reviewed by the Statute Administration Committee; 16 have been formatted, finalized, and put into the final report. They're working on those continuously. Memorandums of understanding and memorandums of agreement (MOU and MOA) are in progress to support some of the bills introduced this year. Some examples of the MOUs are for House Bill 231, the Food Tax Credit. The Tax Commission must have an agreement with Health and Welfare and the Department of Correction; House Bill 93, the Idaho Parental Choice Tax Credit requires agreements with the Board of Education and Legislative Services Office.

The Executive Agency Legislation System (EALS) included four submitted ideas; three were approved. Those were the sales tax code cleanup, property tax cleanup, and the Internal Revenue Code conformity. The one still under review is kilowatt hour tax.

The US House of Representatives passed House Resolution 1 (H.R.1) and sent it to the US Senate. There were 307 amendments, and it eventually passed the Senate. H.R.1 was signed into law on July 4, 2025, and currently the Government Affairs team is analyzing a point-by-point review with a target date for the first draft due July 28. She and Trisha Thomas, Tax Research Specialist, are reviewing each line item and Jacob Besser, Research Analyst Principal, is preparing a fiscal note on how the tax changes impact the state. This is the One Big Beautiful Bill, federal tax changes.

The Multistate Tax Commission (MTC) Spring Conference was held in Spokane, WA. The Idaho Society of Certified Public Accountants (ISCPA) held their annual meeting; and Mr. Yost is attending the MTC Annual Conference in Salt Lake City, UT. The Notice to Promulgate Rules was published in the state bulletin on May 7, 2025. The Government Affairs Team held public negotiated rulemaking for Sales and Use Tax on June 4 and July 1, 2025. They'll publish the notice in the September Bulletin and have the final public negotiated rulemaking for Sales and Use Tax on September 18. The Idaho Hotel/Motel, and Campground Sales Tax rules meetings were included in the Sales and Use Tax meetings. Then they'll prepare the final docket to come before the Commissioners at the October Quarterly Business Meeting.

Some other activities include DHR's Crucial Conversations for Mastering Dialogue training on August 19 and 20 that the whole Government Affairs team will attend. The Forms Committee is working on individual income tax (IIT) and business income tax (BIT) forms. Those are in the final draft process and being reviewed to determine the impacts. The imaging project requires they identify critical needs and they're loading the Idaho Form 40 for testing. There are 57 IIT and BIT forms, and 155 forms across all tax types that must be reviewed and updated.

Commissioner Zwygart congratulated her team on the Sales and Use Tax and the Hotel/Motel Tax rules. The Commission appreciates the work they've done, and he commented that it's amazing how certain words have been bantered around for hours. They've done an excellent job getting those rules finished and out to the public for comments. Ms. Gonzalez thanked Commissioner Zwygart.

Chairman McCray asked about the Statute Administration Committee, saying he noticed on the report to the Commissioners, 82% are reviewed, with 16% completed. He asked Ms. Gonzalez to clarify where they are in that process and when it's expected to be final. Just because we're not done doesn't mean we're not administering those statutes as of July. Ms. Gonzalez said that is correct. She doesn't know exactly what the end date is for when everything must be reviewed. They continuously have meetings, but she doesn't have an end date. Chairman McCray said perhaps someone else has that information, but he asked if it's fair to say the status of the report is ticking and tying and putting the final points on how to administer the statutes. Ms. Gonzalez said yes. Ms. Wind was recognized and said they usually have that report to the Commissioners by July 1, but everyone is swamped due to the volume. The number of bills has touched everyone, and they just need to finalize the packet. Ms. Gonzalez said there was a 40% increase in the number of bills signed into law this year versus last year.

Commissioner Moyle said it really has been impressive, the amount of work that has been put into everything, including new staff that have jumped in and learned quickly. It's been amazing and the Commissioners appreciate it.

Chairman McCray said that, on top of that, the federal government has done us a favor. Ms. Gonzalez alluded to H.R.1 and the tremendous amount of work they're doing to try to unpack that legislation. For a matter of perspective, on the spreadsheet maintained by Government Affairs, the table of contents alone is 38 items with over 10 pages on each page. So, this team is in the process of reviewing 380 sections and the deadline is July 28 to provide the draft of the impacts to Idaho. Not only does it touch tax code, but it also touches other aspects of services the state of Idaho provides. Obviously, that's important information for legislative stakeholders, in the Governor's office, and what it will do to impact revenue going forward. It's a very significant activity, it has a high degree of impact, and a high degree of difficulty, because they must interpret what the statute is saying, and they're also trying to figure out how to administer the statute. He appreciates all the effort. The preliminary results have been outstanding, and he looks forward to a finished product that will be useful to several agencies.

Commissioner Moyle said that in 2017, it was December 12 when the changes came through. This year, there was a bit more advance notice. Much of this is just continuation, or extensions, of what was passed in 2017. She continues to tell those on the team to be emotionally prepared that there may be changes, but it doesn't stop the processes in place. They could come back later and change everything. She said staff should not get frustrated with the changes. The one thing she would like is more developer time. It's been very underestimated.

There was no further business to come before the Commission. Chairman McCray asked for any public comment and there was none.

Executive Session

Commissioner Moyle 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, conducted a roll call vote. Commissioner Woods, Commissioner Moyle, Commissioner Zwygart, and Chairman McCray all voted in favor and the motion passed.

The Commission recessed for five minutes to allow guests to depart.

Public Session

Chairman McCray reconvened the public session. 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.

There was no further business and no public comment. Chairman McCray adjourned the meeting.

Maria Young, Secretary

Jeff McCray, Chairman