

IDAHO STATE TAX COMMISSION

COMMISSIONERS' QUARTERLY BUSINESS MEETING MINUTES OF MEETING JANUARY 20, 2026

The Idaho State Tax Commission held its quarterly business meeting for January 2026.

Chairman Jeff McCray presided over the meeting, which included presentations from division administrators and leadership team members, administrative reports from all divisions, and action items requiring commission approval.

Public Session

Chairman Jeff McCray called the meeting to order at 9:00 AM and conducted introductions of division administrators and leadership team members present. Those introduced included Robert Foster (Audit Division Administrator), Aaron Yost (Government Affairs Program Manager), Evan Sailor (Chief Operating Officer), Jim Rice (Lead Deputy Attorney General), Lisa Palmer (Tax Appeals Manager), Julie Eavenson (Public Information Director), Ramona Grabenstein (Human Resources Officer), Rick Mascall (General Services Division Administrator), Isaac Joyner (Tech and Innovation Bureau Chief), George Brown (Property Tax Division Administrator), and Greg Busmann (Compliance Division Administrator). Remote participants included Brad Broenneke, Robert Rios, and Ben Hawkins, Consulting Appraisers.

Presentation of the 2025 Tax Commission Employee of the Year Award

Chairman McCray presented the 2025 Employee of the Year award to Owen Newton from the Revenue Operations division. Chairman McCray explained that this program is administered by employee committees rather than leadership, with monthly employee of the month selections leading to the annual award. Mr. Newton was recognized for his excellence across multiple projects including PCM (processing center modernization), his technical expertise in system processing, and his support of teams across different divisions. McCray read from multiple nominations highlighting Newton's contributions: "Owen exemplifies excellence in every facet of his work. You played a pivotal role in major projects like PCM, troubleshooting complex issues, sharing your deep system knowledge to strengthen teams ..." The presentation emphasized Mr. Newton's embodiment of the agency's "one team" concept and vision of "great people, helping you, serving Idaho."

Business requiring a vote of the Commission.

Minutes: Regular Business Meeting – October 21, 2025

Commissioner Moyle moved to approve the minutes of the Regular Business Meeting held on October 21, 2025. There was no discussion; all commissioners voted aye, and the minutes of the Regular Business Meeting held October 21, 2025, were approved.

Minutes: Idaho Economic Estimates Commission Meetings December 8, and December 9, 2025

Commissioner Woods moved to approve the minutes of the Idaho Economic Estimates Commission Meetings December 8, and December 9, 2025. There was no

discussion; all commissioners voted aye, and the minutes of Idaho Economic Estimates Commission Meetings December 8, and December 9, 2025, were approved.

Chairman McCray asked to re-order the agenda and move the 2026 Forestland Values until Commissioner Zwygart is able to join the meeting. **Commissioner Moyle moved to rearrange the agenda, moving action item 2026 Forestland Values until Commissioner Zwygart is in the room. There was no discussion; all commissioners voted aye, and the agenda was amended.**

Chairman McCray noted the Administrative Reports will begin and when Commissioner Zwygart is present, the 2026 Forestland Values will be heard.

ADMINISTRATIVE REPORTS

House Bill 93 Progress Report

Kim Wind, Revenue Operations Division Administrator, provided an update on the implementation of House Bill 93, the parental choice tax credit program. As of the morning of the meeting, 4,688 parent applications had been submitted, with 6,188 student credit applications and 1,176 advanced applications. Ms. Wind reported minimal issues at the January 15th go-live date, with only nine applications requiring resolution. The decision support system for fraud detection and duplicate checking was scheduled to begin operation. Ms. Wind thanked Shannon Carter and the FAST team for their work on the successful launch.

Chairman McCray commended the team: "I have to say, you know, I think you understood my trepidation going into this in the prior business meetings. I'm going to just say it was a flawless execution." Commissioner Moyle clarified that no payments had been issued yet, only applications were being accepted.

Chief Operating Officer Report

Evan Sailor, Chief Operating Officer, reported on multiple strategic initiatives including culture training focused on accountability, paper reduction efforts that eliminated TOP letters to power of attorneys and statement of accounts mailings, and the launch of the UP! Mentor Program with 16 pairings. The PCM Phase 3 project moved into production, and House Bill 93 went live successfully with the call center handling over 1,800 calls on the first day. Mr. Sailor reported progress on the 3% budget holdback requirement, with over \$1 million in savings achieved toward the \$1.38 million target. He announced the suspension of additional salary bumps at completion of probation for new hires and promotions effective January 4th to meet budget constraints.

Chairman McCray emphasized the importance of culture and change management: "I can't emphasize enough how important change management is to reinforcing that culture and what we're trying to accomplish here at the agency."

Tax Appeals Division Report

Lisa Palmer, Tax Appeals Manager, reported that the division currently has 168 open appeal cases and closed 109 cases in the last quarter, compared to 89 cases closed in the same

period last year. Of resolved cases, 36% were resolved with a decision, 43% resulted in protest withdrawals, 5% were resolved through agreements, and 16% were categorized as miscellaneous. The average time to close cases decreased from 262 days last year to 180 days currently. Ms. Palmer noted preparations for House Bill 93 contestment processes, which operate under different statutes than normal appeals.

Commissioner Woods inquired about the impact of eliminating mailings to power of attorneys, and Ms. Palmer confirmed no issues were anticipated but noted the need for new language regarding payment arrangements without statement of accounts.

Business requiring a vote of the Commission.

2026 FORESTLAND VALUES ACTION ITEM

Motion to Approve 2026 Forestland Values

Brad Bronneke, Property Tax Section Manager for consulting appraisers, presented the proposed 2026 forest land values. Zone 1 had a proposed 9.12% increase capped at the statutory maximum of 5%. Zone 2 had a 4% increase that did not require capping. Zones 3 and 4 had proposed decreases of 8.15% that were capped at 5% reductions. Mr. Broenneke confirmed that no comments were received from assessors in relevant counties.

Commissioner Woods moved to approve the 2026 Forestland Values as presented. Maria Young, Management Assistant, conducted a roll call vote: Commissioner Zwygart, Aye; Commissioner Moyle, Aye; Commissioner Woods, Aye; Chairman McCray, Aye. The 2026 Forestland Values were approved.

ADMINISTRATIVE REPORTS CONTINUED

Property Tax Division Report

George Brown, Property Tax Division Administrator, highlighted his division's completion of the first division-level strategy meeting, which produced nine action items aligned with agency strategy. Mr. Brown reported successful completion of the tax drive with all counties meeting deadlines and no major system issues. The division added a new GIS analyst position focused on training and updated ratio study templates. Mr. Brown noted budget constraints limiting education programs, requiring a request for additional spending authority despite the programs being self-funded through county fees.

Commissioner Woods inquired about recording training sessions for online access. Mr. Brown confirmed plans to update their YouTube channel with new videos and transition more training responsibilities to consulting appraisers to reduce single points of failure.

Compliance Division Report

Greg Busmann, Compliance Division Administrator, reported progress on the X9 e-levy process with Wells Fargo, making Idaho the first revenue agency to use this electronic process with that bank. The division stopped mailing approximately 131,000 letters as part of paper reduction efforts and reactivated the predictive dialer system. Compliance created nearly 40,000

new collection cases but closed more than they opened, recovering \$93.3 million in the quarter with \$235 million in outstanding balances. Mr. Busmann announced several staff promotions including new field office management in Pocatello.

Audit Division Report

Robert Foster, Audit Division Administrator, reported closing 59 developmental work order cases and maintaining very low identity theft rates at 0.0265% of total returns. The division closed 5,059 audits with \$17.98 million in recoveries. Customer satisfaction surveys showed 97% positive responses. Mr. Foster highlighted the launch of the Idaho Sales Tax Kickstart program, a free educational service for new businesses to prevent future compliance issues. He also noted training provided to other agencies and internal CPR certification training.

Commissioner Woods thanked Mr. Foster's team for their assistance with a unique situation, and Chairman McCray praised the Kickstart program as exemplifying the agency's vision of helping taxpayers.

Revenue Operations Division Report

Kim Wind reported a 2.7% increase in individual income tax returns to 1,056,791 for 2025, and a 4% increase in business income tax returns to 147,246. The division maintained a 4% vacancy rate, well below the 9% threshold. Ms. Wind emphasized the division's resilience in handling multiple major projects simultaneously, including FRED, PCM Phase 3, and House Bill 93. She noted the challenge of coordinating multiple go-live dates and recommended avoiding simultaneous project launches in the future.

Commissioner Moyle acknowledged the division's exceptional performance under challenging circumstances, and Chairman McCray praised the execution of complex projects while maintaining normal operations.

General Services and Finance Report

Rick Mascall, General Services Division Administrator, reported on Quality Assurance completing nine case studies for operational excellence training and ongoing work on cross-divisional dependencies. For financial services, general fund receipts totaled \$600 million in December, up 0.3% over the previous year, with fiscal year-to-date accruals of \$2.6 billion, up 5.5%. The remaining personnel budget stood at 47.4% with approximately \$500,000 in salary savings. Operational budget showed 3.57% remaining for the year after major encumbrances.

Technology and Innovation Bureau Report

Isaac Joyner, Technology and Innovation Bureau Chief, reported preparation for an IRS audit scheduled for August and deployment of 55 new laptops. Development work focused 71% on projects, split between legislative projects (PCM, House Bill 93, auditorium districts) and tax projects (FRED, Core 21, IFTA updates). The bureau completed 127 service requests and closed 309 system change requests. Mr. Joyner highlighted the project management team's success in delivering multiple major projects simultaneously.

Commissioner Moyle thanked the technology team for their exceptional support during project implementations. Commissioner Woods raised concerns about cybersecurity changes appearing without advance notice and requested better communication of upcoming changes.

Public Information Report

Julie Eavenson, Public Information Director, reported that her team was conducting a workload analysis following the loss of education and outreach components. The team was focusing on tax communications and internal agency support while requesting train-the-trainer support to maintain some educational capabilities. Ms. Eavenson announced the team would rebrand as tax communications and reduce committee participation to focus on core services.

Human Resources Report

Rhamona Grabenstein, Human Resources Officer, reported agency turnover at 5.8% compared to the statewide rate of 6.2%, with vacancy rates at 4.7% versus 6.2% statewide. The Coeur d'Alene office utilized job fair opportunities for recruitment. HR continued leadership development programs including the Hire to Retire series and Focus on Leadership sessions. Ms. Grabenstein reported 15 safety incidents since July 2025, with only three requiring medical treatment.

Commissioner Woods requested that HR advocate for addressing pay equity issues between general fund and dedicated fund agencies. Ms. Grabenstein agreed to raise this issue with the Department of Human Resources and suggest that it become a performance metric.

Government Affairs Report

Aaron Yost, Government Affairs Program Manager, reported completion of outstanding MOUs and MOAs for House Bill 93. The agency had one executive legislation item moving forward regarding secure electronic messaging for paper reduction. The conformity bill became the Governor's bill and was incorporated into his budget process. Mr. Yost praised the team's work on tax analysis, particularly Jacob Besser's contributions to data analysis and training.

For rules, the final chapters under zero-based regulation review (sales and use tax, hotel/motel tax) were scheduled for legislative review, with over 34,000 words eliminated. The new eight-year rules review cycle would begin with administration and enforcement rules led by Philip Johnson.

EXECUTIVE SESSION

Commissioner Zwygart moved to enter executive session pursuant to Idaho Code Section 74-206(1)(f) to discuss the current status of litigation to which the Commission is a party. Maria Young, Management Assistant, conducted a roll call vote: Commissioner Zwygart, aye; Commissioner Moyle, aye; Commissioner Woods, aye; Chairman McCray, aye. The motion passed.

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 announced the next quarterly business meeting would be held Tuesday, April 28, at 9:00 AM. The meeting was adjourned.

Maria Young, Secretary

Jeff McCray, Chairman

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