IDAHO STATE TAX COMMISSION

COMMISSIONERS' QUARTERLY BUSINESS MEETING
MINUTES OF MEETING JULY 21, 2026

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

Chairman John Bernasconi 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 John Bernasconi called the meeting to order at 9:00 AM. Those present included Chairman John Bernasconi, Commissioner Janet Moyle, Commissioner Paul Woods, Commissioner Jared Zwygart, Evan Sailor (Chief Operating Officer), Kim Wind (Revenue Operations Division Administrator), Lisa Palmer (Tax Appeals Manager), Greg Busmann (Compliance Division Administrator), Rebecca Danley (Audit Division Administrator), Rick Mascall (General Services Division Administrator), Isaac Joyner (Technology and Innovation Bureau Chief), Rhamona Grabenstein (Human Resource Officer), Aaron Yost (Government Affairs Manager), Miguel Legaretta (President, Associated Taxpayers of Idaho), and Laura Lantz (Executive Director, Idaho Society of Certified Public Accountants (ISCPA)). Remote participants included Ryan Suppe (Idaho Education News).

Business requiring a vote of the Commission.

Minutes: Regular Business Meeting – April 28, 2026

Commissioner Woods moved to approve the minutes of the Regular Business Meeting held on April 28, 2026. There was no discussion; Chairman Bernasconi conducted a roll call vote. Commissioner Woods, aye; Commissioner Moyle, aye; Commissioner Zwygart, aye; and Chairman Bernasconi voted aye. The minutes of the Regular Business Meeting held April 28, 2026, were approved.

Resolution 26-02: Stumpage Value Delegation of Authority

Jim Rice, the agency's lead Deputy Attorney General, read Resolution 26-02 into the record. The resolution concerned the delegation of authority for setting stumpage values and providing values for assessment purposes under the forestland productivity option and bare land and yield option. The full text of Resolution 26-02, as read into the record:

> *"IDAHO STATE TAX COMMISSION; RESOLUTION 26-02*
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> *Whereas, Idaho Code § 63-1706(4)(b) requires that the Idaho State Tax Commission ("Commission") set stumpage values by zone for each species each year by November 1 of each year based on a five (5) year rolling average value of comparable timber harvested from state timber sales within each stumpage value zone or from the best available data for the same five (5) year period for calculation of the yield tax. And,*
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> *Whereas, Idaho Code § 63-1705(4) requires that the Idaho State Tax Commission ("Commission") provide stumpage values by zone for each species each year by March 1 of each year based on a five (5) year rolling average value of comparable timber harvested from state timber sales within each stumpage value zone or from the best available data for the same five (5) year period for use by county assessors in indexing the valuation of forest land. And,*
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> *Whereas, the Idaho State Tax Commission provides values to be used for assessment purposes under the Forest Land – Productivity Option (Cat. 6), and*

Bare Land & Yield Option (Cat. 7) determined by using the Indexing Valuation Model. And,

Whereas, setting the stumpage values and providing values to be used for assessment purposes under the Forest Land – Productivity Option (Cat. 6), and Bare Land & Yield Option (Cat. 7) are mechanical applications of statute. And,

Whereas, pursuant to Idaho Code § 63-102(2), the state tax commission is authorized to delegate such matters as will facilitate the operations of the commission to any member of the commission.

Now, therefore, it is resolved, that pursuant to its authority set forth in Idaho Code § 63-102(2), the Idaho State Tax Commission hereby delegates the setting of stumpage values and providing values to be used for assessment purposes under the Forest Land – Productivity Option (Cat. 6), and Bare Land & Yield Option (Cat. 7) to the Property Tax Oversight Commissioner.

It is further resolved that this resolution shall take effect immediately upon adoption and shall remain in effect until amended or rescinded by the Commission."

Mr. Rice provided additional context, explaining that this is a mechanical math problem set out in statute. The agency receives stumpage values from the Department of Land based on a 5-year average, and the change in that average determines the indexing. He emphasized this is not a decision requiring weighing various factors, but rather a straightforward mathematical calculation.

Commissioner Moyle moved to adopt Resolution 26-02. There was no discussion. Maria Young, Management Assistant, conducted a roll call vote: Commissioner Woods, aye; Commissioner Zwygart, aye; Commissioner Moyle, aye; Chairman Bernasconi, aye. Resolution 26-02 was adopted.

ADMINISTRATIVE REPORTS

Chief Operating Officer Report

Evan Sailor, Chief Operating Officer, provided a high-level overview of the accomplishments during fiscal year 2026. He reported the agency closed out fiscal year 2026 with significant strategic accomplishments including change management training, the Paper Reduction Act which saved approximately $264,000 according to Rick Mascall, implementation of a UP! mentoring program with added job shadowing and cross-training, QR codes on letters, performance modeling and dashboards for divisions, completion of an operational report for the entire agency, the first annual after-action review, and implementation of the FY 2027 strategy with new Critical Success Factors (CSFs). New strategy posters are located throughout the agency. A new concept this year involved greater employee engagement in strategy development.

The agency worked on rebranding operational excellence and making better connections with employees. In June, there were 10 to 12 training sessions including field offices, asking for feedback on improvement ideas. The agency received over 450 suggestions for improvement that are being prioritized. The cultural focus continued on "one team," the "ideal team player" concept, breaking down silos, and what is now being called "the Tax Commission way."

Mr. Sailor highlighted several major project accomplishments. House Bill 93 (the parental choice tax credit program) had its second application process underway. CORE 21 was completed in November. The conformity bill represented another significant lift for the agency. There was successful transition of "one big beautiful bill" (federal tax conformity). The PCM (Process Center Modernization) imaging project entered phase 4, with training for the agency's own developers to update forms.

Mr. Sailor also gave special recognition to Rick Mascall, General Service Division Administrator, and his budget team for surviving the 3% pullback and the governor's executive order, which represented $1.38 million from the agency's budget. The agency closed out FY 2026 and is preparing the FY 2028 budget request.

The agency implemented several communication process updates including Coffee with the COO sessions and the “COO's Corner” for anonymous emails. These sessions have been attracting 120 to 130 attendees. A quarterly agency newsletter has been launched, and Julie Eavenson, Public Information Director, visited field offices providing communications training and hire-to-retire training. The TAP (Taxpayer Access Point) marketing plan has also been moving forward.

Zak Viker’s (Technical Training Program Specialist) training team completed all-agency POA (Power of Attorney) training, which took longer than anticipated but was very successful and much needed. Several new Standard Operating Procedures (SOPs) were implemented during the year. The agency is continuing work on tactical new hire training, building on the foundation already established in audit and compliance divisions.

Numerous employee engagement events occurred during the year including Spirit Week, a baked potato bar, an employee picnic, Employee of the Month recognition, the first Employee of the Year award, Christmas kudos recognition, and Halloween celebrations. Mr. Sailor noted the goal is to replicate the camaraderie and teamwork energy seen during Halloween week throughout the year.

Several organizational changes were implemented. Taxpayer Services (TPOS), or the call center, was moved from General Services to the Compliance Division. Revenue Operations gained a second bureau chief position with interviews scheduled. Compliance moved 2 vacant Compliance Officer 1 positions to TPS to help with call volume. Business Analyst Renee Marsh moved to Revenue Operations. Two new positions were created: Chief Financial Officer (Nicolena Silva) and Finance Manager (Sara Macdonald). Mr. Sailor concluded by stating the goal of all these efforts is to serve the people of Idaho at the highest level and ensure exceptional customer service delivery.

Commissioner Woods commended the team for their remarkable job achieving the budget holdback, especially given the timing. He emphasized the importance of communicating that the agency's budget is not linear, particularly regarding capital projects and technology replacement at end of useful life. He stressed that deferring maintenance merely defers liabilities for future generations of Idahoans and expressed hope that the legislature understands this. He specifically noted challenges with the call center related to antiquated technology and appreciated the team's efforts to remedy the situation despite technological limitations.

Chairman Bernasconi specifically called out the parental choice team, thanking Kim Wind, Revenue Operations Division Administrator, Greg Busmann, Compliance Division Administrator, Shannon Carter, Business Analyst, Commissioner Moyle and many others for their leadership and hard work. He noted they had very little time, gave their best effort every day, and did a tremendous job. He acknowledged the work is not quite done as they passed the $50 million mark and the application process is complete, but processing and review continue to ensure 100% accuracy. Mr. Sailor emphasized this was the first program of its kind in the nation, built from the ground up. He noted that typically states bring in third-party vendors costing 5 to 10% of program funds, but the Tax Commission accomplished this at a fraction of that cost while saving the state an amazing amount of money. He thanked the team for their calm demeanor when things got heated and expressed optimism for further progress in the coming year. Chairman Bernasconi apologized for being negligent in his list of names and added Lisa Palmer, Tax Appeals Manager to his thanks for reviewing appeals.

Human Resources Report

Rhamona Grabenstein, Human Resources Officer, provided a recap of the fiscal year Division of Human Resources, and Tax Human Resources report.

During the fiscal year, the agency had 176 successful recruitments and 53 reclassifications completed. Reclassifications include career pathway progressions such as Tax Auditor 1 to Tax Auditor 2 or Tax Auditor 2 to Tax Auditor 3, as well as position reviews when vacancies occur to determine what best serves agency needs. The agency completed 126 compensation requests, many occurring at the beginning of the fiscal year before holdbacks when the pay plan awarded percentage increases upon completion of entrance probation. Following the holdback, the compensation plan had to be changed. Ms. Grabenstein noted she was asked not to "double-dip" in counting, as promotions from Tax Auditor 1 to 2 or 2 to 3 already include pay increases.

The HR team fielded 69 employee relations issues during the year, working with leaders and providing guidance on standard operating procedures and policies. Ms. Grabenstein praised the leaders for doing an amazing job managing employee concerns while accomplishing day-to-day work. There were 50 leave requests including FMLA (Family Medical Leave Act), bereavement leave, and workers' compensation leaves, representing more than 10% of the agency. An additional 11 leave requests were in process. The agency also fielded 19 accommodation requests under the Americans with Disabilities Act, finding appropriate accommodations to allow employees to continue providing service and fulfill essential job functions.

The agency ended the fiscal year with a turnover rate of 13.9%, slightly below the overall state turnover rate of 14.2%. Of the 52 terminations and 10 transfers affecting turnover, 23 people left for personal reasons, 4 left for other public sector jobs, 8 left for private sector jobs, 9 retired, 2 were medically laid off, 3 failed to complete entrance probation (which she noted is a testament to leaders' appropriate use of that period), and 3 were dismissed.

In response to employee desires for career advancement and growth opportunities, 34 employees promoted to higher pay grades within the Tax Commission, 3 temporary employees took classified positions, 11 employees made lateral transfers within the agency (which she considered a win, showing employees are not afraid to move around and expand their growth), 4 seasonal temps were rehired into classified positions, and 1 classified employee who left returned to the Tax Commission.

The HR team provides the monthly Hire to Retire training series for leaders. During the fiscal year, training was offered every month except December. Attendance has been excellent, and Ms. Grabenstein thanked leaders for making development a priority.

The employee engagement survey closed July 17th with an 84% participation rate, which she characterized as phenomenal noting that anything over 80% is exceptional for this type of survey. Ms. Grabenstein said she's facilitating the Tax Leadership Series, with the current module on leading people through change. The program was opened this year to UP! mentorship participants. The response has been phenomenal and exciting, with people hearing good things and asking how to get their staff involved. She encouraged participation in the UP! program as a pathway to career coaching and development support.

Tax Appeals Division Report

Lisa Palmer, Tax Appeals Manager, reported on the division's activity and upcoming meetings. Appeals Resolution Meetings are scheduled for August 5th and August 26th. The division currently has 177 appeal cases open. During this fiscal year, from July 1st to June 30th, the division closed 427 cases compared to 403 cases the previous year. Of the cases closed, 35% were resolved by written decision,

41% were resolved through protest withdrawal, 8% were resolved with either a closing or settlement agreement, and 16% were categorized as miscellaneous (either returns were filed in non-filer cases or notices were canceled for various reasons). Nineteen appeals went to the Board of Tax Appeals. Of these, 14 were dismissed in the agency's favor, generally because taxpayers filed protests but never attended hearings or later withdrew their appeals; five cases completed the full hearing process and were all upheld in favor of the agency.

The average number of days to close a case was 170 days, compared to 211 days in the same period last year, representing a significant improvement. And the division is fully staffed. Ms. Palmer attributed the success in closing more cases and decreasing average closure time to staff efforts to reach out and talk with taxpayers to explain adjustments, particularly in cases from Revenue Operations. Throughout the year, Appeals staff assisted other divisions where needed, including opening mail, answering research questions, and serving on committees. Appeals played a significant role in implementation and administration of the Parental Choice Tax Credit. She specifically recognized Jessica Pilot for her contributions and efforts with this program.

Commissioner Woods expressed appreciation for the statistics showing improvement in average time to close and number of cases. He particularly wanted to recognize the staff's work on complex cases during the year, specifically mentioning a very complex multi-state apportionment case and recognizing Meg Inouye's effort. He emphasized that the commissioners benefited from the detailed work and education provided by the team on these complex cases.

Chairman Bernasconi congratulated the team on the cases that resulted in withdrawals, noting this reflects education provided to both internal staff and taxpayers, helping them understand and navigate the complex world of tax. He appreciated the customer service demonstrated in the numbers. He also expressed gratitude for the team's work in the last quarter, stating he was impressed with how they handled cases.

Laura Lantz, Executive Director of the Idaho Society of Certified Public Accountants (ISCPA) was recognized and asked for clarification on how the appeals process works, specifically where decision-making authority lies between staff and Commissioners. Ms. Palmer explained that when the Appeals Unit receives a case from another division such as Audit or Revenue Operations, she assigns it to Tax Specialists based on their expertise. Staff review the case, reach out to the taxpayer, and provide the right to participate in an informal hearing. Staff then make a recommendation for resolution (either to uphold, modify, or cancel the notice) to the Commissioners. At Appeals Resolution Meetings, the Commissioners review the recommendation, the Oversight Commissioner makes a recommendation, and the other Commissioners vote. The Oversight Commissioner does not vote. Chairman Bernasconi added that the Oversight Commissioner is usually involved in the informal hearing, which is recorded, and other Commissioners can listen to that recording. No decision is made at the informal hearing, but the taxpayer gets one last opportunity to explain their understanding of the law and present any new evidence.

Ms. Palmer noted that currently, Appeals Resolution Meetings are open meetings due to a gap in statute, but taxpayers cannot participate or speak at the open meeting because that would violate taxpayer confidentiality laws. Their opportunity to present their case is during the informal hearing with the Oversight Commissioner. A bill is proposed for the next legislative session to treat this process like other regulatory agencies, which will also allow Commissioners to review cases more often and to prioritize cases that may have languished due to slow taxpayer response, potentially further reducing processing time. She added that taxpayers have the right to extend the allotted time period, and they are the only ones who can extend it. If cases go for a very long time, it is typically because the taxpayer has requested the extension. Statute provides 180 days from the conclusion of an informal hearing, and the clock starts ticking when the taxpayer indicates they will not provide additional information.

Property Tax Division Report

George Brown, Property Tax Division Administrator, characterized the year as "fairly normal" which in property tax means "pretty messed up" and "pretty hard to get through." The division held its own strategy calibration meeting in December, a 2-day meeting with Division leadership to walk through the agency's strategic process and integrate Property Tax-specific elements. This resulted in a dedicated Property Tax Events Committee formalizing the process for Division events and employee recognition, mirroring the agency's structure. A significant accomplishment was designing a data governance management plan. Mr. Brown noted that Property Tax has massive amounts of data and documents, rivaling the rest of the agency combined, but unlike the rest of the agency, which has GenTax as a centralized system, Property Tax has data scattered across individual computers, databases, and files received from counties. Alan Dornfest, Senior Bureau Chief, took on this project, working with Jerry Macner, Program Manager over the Quality Assurance and Research (QAR) Unit at the agency level to create a program. They initially hoped QAR could do much of the work, but Jerry indicated the scope was beyond his expertise, so Property Tax is running a separate system with QAR's assistance. This is expected to be a 2-to-3-year project. Mr. Brown noted one Property Tax Specialist has about 225,000 documents on his computer, with tens of thousands accessed regularly.

The Property Tax Reduction Program (PTR) was partially integrated into GenTax in a previous year with a TAP website created, which has been half successful and half disastrous. FAST has been helping over the past year to upgrade the initial effort with small improvements to make processing easier. Pam Waters, Property Tax Program Specialist, and her very small crew (herself and 1 to 2 other people) hand process 30,000 applications per year. FAST is helping by incorporating additional functionality into GenTax to speed up the process. Ms. Waters presented nationally on the program at the IAAO (International Association of Assessing Officers) Annual Conference. Idaho's PTR program is unique in that it provides property tax relief through county offices rather than as an income tax credit like most states, making the program much more complex. Mr. Brown characterized Ms. Waters as "a rock star" at the conference for explaining how Idaho's system works.

The Technical Support Bureau's (TSB) main project this year was the website, a ColdFusion rewrite project. Idaho's Information Technology Services (ITS) required all websites to be recoded from ColdFusion to WordPress. The team, led by Janet James, (Property Tax IT Manager III) had to reprogram all websites, some with complex functionality like the education program's registration component, where county staff log on, register for classes, and maintain class records. Mr. Brown noted they received not one complaint about usability, which he characterized as a really strong indication of quality work by Ms. James' crew, because "people like to complain even when there's nothing wrong."

The Bureau also completed Phase 2 of the computer-aided mass appraisal (CAMA) program and is now preparing for probably 3 conversions this year: Teton County, Boise County, and Jefferson County. Two will convert to the homegrown UAD Web program with the Phase 2 CAMA, and 2 are converting from the CAI program, which is defunct but still used by 8 or 9 counties. Mr. Brown noted the conversions will be challenging because the owner of the CAI programming does not want to share schemas or information, so conversions will essentially be cold turkey requiring complete redoing.

The GIS staff is now full for the first time in 3 years, allowing the team to move full steam ahead on educational opportunities for counties, who've been requesting educational output the division has been unable to provide due to staffing constraints.

A new tax type was developed for 7 companies that transitioned from traditional operating property taxation to a kilowatt-hour and therm(al) tax. This was the first time this tax has been used, requiring the system to be created from whole cloth. Jerott Rudd, Operating Property Bureau Chief, and

his crew, along with Management Services, had to develop an all-new system including payment processing, which Property Tax generally does not handle.

The WSATA (Western Association of State Tax Administrators) Unitary Appraisal Conference will be held in Boise September 29th through October 1st. Mr. Rudd arranged the entire conference (with WSATA funding) and they're expecting 20 to 30 people from western states. The conference will be held at the Idaho State Museum with hopes for tours of various industrial properties, potentially including Micron.

The Consulting Appraiser team was full but is now one short, with hiring in process. Mr. Brown noted the levels of experience in the counties have generally decreased over the last 4 to 5 years, meaning the division's level of service has had to increase in direct proportion due to generational turnover, which is affecting every business.

The education program received another $50,000 in spending authority. The program is self-funded, charging $105 per day per student, but they still require permission to spend the money. The program had been exceeding its authority for the past couple years and could no longer be funded from the Property Tax operating budget due to budget cuts. Jeff Middleton, Property Tax Education Manager, said he could probably spend another $500,000 given the demand for education from counties. There is increasing demand for remote courses and regional courses instead of courses in Boise, although the school attendance has not been affected. During the year, Mr. Middleton planned and executed 88 courses with 2,159 attendees throughout the state. Mr. Brown praised Mr. Middleton for accomplishing this significant program essentially alone without help.

Mr. Brown said Ben Soloski, Property Tax Research Analyst, Principal, reviews L2 forms (property tax levy certifications). At any one time, there are 900 L2s that come in with about 3 weeks to review them all, and about half typically require modification when first submitted.

Commissioner Woods thanked Mr. Brown and his team for their work. He noted the Property Tax statutes require a regulatory role for the Commission, with 44 assessors overseen by the Commission for roughly 1.3 million parcels representing approximately $800 billion in value, resulting in the divvying up of $2.3 billion in property tax going to local government. He put this in context with corporate taxes at about $1 billion and income taxes at $2.5 to $3 billion, emphasizing Property Tax is a huge role. Commissioner Woods emphasized the Commission is not just refereeing, but also coaching and providing assistance, and that level of assistance is increasing due to turnover at the local level.

Commissioner Woods also praised the team's work on the L2 process with 1,100 taxing districts, issuing forms and ensuring they do not exceed maximums. He specifically noted that after the L2 certification process was complete, the division held a public meeting to explain the highlights because there are always questions about how districts were able to do certain things. The team highlighted the exceptions and why they were legal, providing valuable information to policymakers. He emphasized that like their regulatory work, the L2 team provides coaching to help people understand statutes and sideboards. Chairman Bernasconi noted that the team reviewing L2s is essentially one person, Ben Soloski. He mentioned that one of the top categories of local taxing districts is cemetery districts, of which there are many.

Compliance Division Report

Greg Busmann, Compliance Division Administrator, reported on the Division's activities. He said that Beth Gasseling, Compliance Business Analyst, and her team implemented levy and wage garnishment response and payments on TAP, allowing banks and employers to respond to levies and make payments via TAP, which helps ensure payments are applied correctly. They created non-filer

estimate cases, which reduces the number of estimates issued by Compliance and will, over time, reduce overall accounts receivable for the agency. The automated process was implemented in May, and since then 6,600 cases have been created, with just over 2,500 taxpayers filing their returns (a better response than sending estimated NODs (notices of deficiency)) and 441 taxpayers requesting permit cancellations because they are no longer in business (a benefit, since many estimates go to businesses that do not respond because they are no longer operating). Compliance recovered a total of just over $312 million over the year. The Division had 168,108 cases created, more than in the last two fiscal years, and closed 162,000 cases.

Paper reduction significantly impacted Compliance, which had been sending substantial courtesy mail. The Division changed how it does business. Previously, every taxpayer who did not pay their liability received a mailed statement of account, with thousands mailed monthly. These are no longer mailed but are available on taxpayers' TAP accounts. The division also resurrected the predictive dialer, running it monthly to leave messages asking taxpayers to contact Compliance. This old technology has been very successful, with approximately 70% of cases created being closed in the first week to 2 weeks after the dialer runs, because taxpayers are contacting the Division to resolve their debt.

Compliance now has oversight of TPS (Taxpayer Services, the call center). Calls presented to the call center have skyrocketed, due largely to conformity, House Bill 93, and other factors. Through 6 months of the calendar year, the call center has fielded 70% of last year's total call volume. Marc McNabb's (Taxpayer Services Manager) team has 12 full-time people on phones. During income tax season, when volumes increase, Compliance Officers (CO1s) and the Audit team stepped in to help answer calls and assist more taxpayers instead of leaving them waiting. The average call time so far this year has been just under 8 minutes. Compliance has a series of 6 tiers of training for new compliance officers and conducts monthly in-service training for all compliance staff on various topics.

The application period for the Parental Choice Tax Credit closed on Friday. The Division is working through applications, processing them, and dealing with any contestments that have come in (with thanks to Ms. Palmer's team). This completes Phase 3, which was the reopening and back-end processing. Phase 4 is starting and will continue for the rest of the calendar year, focusing on awarding the rest of the applications, functionality for audit, development of annual reporting for LSO (Legislative Services Office), working with LSO for the required data exchange, and enhancements to the system for next year's program. Mr. Busmann echoed earlier comments, stating the team did well building this first-in-the-nation program from the ground up, accomplishing it at a fraction of the cost a third-party vendor would charge.

Chairman Bernasconi expressed appreciation for Julie Eavenson from General Services and her team for continuing to be a resource when needed despite TPS changing divisions. He noted that being able to solve a problem on the phone and help somebody right now is beneficial and fulfilling for staff who support the phones. He contrasted this with longer tax administration processes like appeals which can take 180 days. He expressed appreciation for the work and noted the agency is working to find technology solutions to help more in this area.

Commissioner Woods built upon that comment, noting it is interesting that in Taxpayer Services, unlike local government where public testimony is limited to 3 minutes, people can call with any level of expertise or lack thereof and staff will stay on the line until the question is answered. This is great but impacts the ability to serve everybody because there are finite resources, which is frustrating. However, he strongly supports the strategy because the agency does not tell people their time is up but finishes to the end. He called this remarkable given the variability in calls received. Mr. Busmann reiterated that so far this year the average call time has been just under 8 minutes to help resolve taxpayer questions, concerns, and issues.

Audit Division Report

Rebecca Danley, Audit Division Administrator, reported on the division's activities during a year marked by significant challenges including budget constraints, new legislation, and continued population growth. The Audit Division helped support the agency in meeting challenges by assisting other divisions through return processing, TPS phone coverage, and mail processing. Ms. Danley noted that taking TPS calls is a humbling experience, stating "You think you know what you know and you know it well, but when you get on the phone, wow, you can feel really not intelligent." However, she found it very rewarding.

The Division underwent several significant staff changes during fiscal year 2026, including a transition in Division leadership. Two new Bureau Chiefs were hired: Zach Wilson for Income Tax Audit and Don Curtis for Fuels and Sales Tax Audit, and Robert Foster became Bureau Chief of the Tax Discovery Bureau, Special Quality Reviews, and Identity Theft.

The Division closed 248 SQRs (GenTax work orders) during fiscal year 2026, representing a 23% increase over the prior year, which by agency standards is substantial. Identity theft continued to remain well below levels seen in previous years. While this reflects a broader national trend, it also demonstrates the effectiveness of Idaho's detection tools. Only 0.02% of all income tax returns received during the year involved identity theft. In fiscal year 2026, the Fraud and Criminal Investigations Unit referred 4 new cases to prosecutors, and 4 additional cases reached sentencing. Five cases remain active with prosecutors, including one preparer who filed falsified returns, one embezzlement case, one identity theft case, and two cases involving failure to report income.

The number of audits closed decreased by approximately 7% compared to fiscal year 2025, but closures increased by roughly 12% compared to fiscal year 2024. Audit recoveries declined by 24% from fiscal year 2025 but were up 8% relative to fiscal year 2024. Ms. Danley noted that fiscal year 2025 had some outliers with a couple of unusually large recoveries.

The Division's commitment to excellent customer service was demonstrated by strong audit survey scores, which achieved a median of 95.65% for fiscal year 2026. Taxpayers shared thoughtful feedback noting the professionalism, kindness, and helpfulness of staff. Ms. Danley read several testimonials praising specific staff members:

> *Regarding Katherine Christie: "I also want to sincerely thank you again for the time you spent with me during our call last week. I truly appreciated both your insight and willingness to help. Working with contacts in Idaho has quickly become one of my favorite experiences, as everyone I've interacted with has been exceptionally kind, collaborative, and genuinely invested in helping educate and support best practice outcomes."*
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> *Regarding Judy Hoang: "Judy Hoang is amazing. She is so helpful and so good with people."*
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> *"I think Mr. Draney was totally professional and well-intentioned. This was a positive experience."*
>
> *"Because of the tax auditor I dealt with. He was courteous, helpful, and thorough."*

The Idaho Sales Tax Kickstart program launched in January 2026. Through the website, new businesses may request a meeting with an auditor to receive education on their sales and use tax responsibilities. This program reinforces the agency's commitment to taxpayer education and encourages voluntary compliance. Since launch, the program has served more than 85 businesses. Ms. Danley emphasized that this program is not charging people but helping them.

The Division worked on strategy for fiscal year 2027, bringing employees in to participate in the process. Ms. Danely reported having meaningful conversations with employees who felt lucky to be part of making a difference, with one saying "I feel developed."

In April 2026, Clint Howells, Tax Auditor 3, was elected governor of the FTA (Federation of Tax Administrators) Pacific Region for a 1-year term. In June 2026, Charmaine Caprai, Tax Auditor 4, presented to the Idaho Society of CPAs on research and experimental expenses, the investment tax credit, and affected business entities. Keagan Ethridge, Tax Auditor 4, enhanced the process for submitting improvement ideas by enabling electronic submissions through Smartsheet. Ms. Danley emphasized that process improvement is not just about making work easier but about helping the taxpayer, stating "That is the Tax Commission way." Ms. Danley concluded by appreciating the support of Commissioners and the COO, as well as the commitment and hard work of employees.

Chairman Bernasconi thanked Ms. Danley and especially appreciated the nod to strategy. He noted the agency has a pretty good strategic process that is getting better every year. He pointed out that other agencies are now inquiring about the process. The Governor's Office decided to do a strategic process and brought in Tom Harris, who led the Tax Commission's first strategy session. The Department of Finance reached out, and Ms. Grabenstein helped them with a shortened strategy process. Chairman Bernasconi appreciated the dedication, that Ms. Danley is doing strategy internally, and that Mr. Brown took it on as an internal function. He praised the focus on refining processes.

Revenue Operations Division Report

Kim Wind, Revenue Operations Division Administrator, characterized the year as one where difficult circumstances built resilience and strength, saying it’s amazing what they’ve accomplished. Ms. Wind reported on calendar year statistics because tax return processing starts in January. The Division processed 1,027,024 Individual Income Tax (IIT) returns in calendar year 2024, 1,056,000 in calendar year 2025, and 976,000 year-to-date in 2026. She expects to exceed the previous year as October returns from the extended deadline are still coming. Currently, paper returns make up 5%, which has been steady. She expressed a desire for zero paper but acknowledged they do many processes because of paper. Business Income Tax (BIT) returns for calendar year 2025 were 147,000, with 81,000 year-to-date, but October typically sees many Business Income Tax returns.

This was a big year for refunds. Last year the Division processed 730,000 units of refunds, and year-to-date is already 867,000. Ms. Wind noted it was a goal for them to finish by June, on time with no refund interest. They did run out of money, but the team successfully processed them on time. The year is not over, so more refunds are still coming. Idaho business registrations are at 14,000, year-to-date, compared to 21,000 for all of last year. Active withholding permits are at 104,000 compared to 102,000 last year, a 1.36% increase. Sales tax permits are up 2.33%, at 116,000 compared to 113,000 last year.

Tax season is wrapping up. The division used a different approach this year, staggering temporary employees rather than having them all end at once. This helped get refunds completed because sometimes temps' hours expired and they had to leave, leaving permanent staff to finish the work. The staggering kept temps available longer to help complete refunds. Last year temps worked 10,774 hours. This year temps worked 14,442 hours, a significant increase largely due to conformity.

Ms. Wind referred to the team working on parental choice applications, noting they have been very busy testing and working through the application period that ended in March and then had to reopen. She praised the small team working on testing with all people involved in the project. Despite conformity setting the division back about a month during tax season, all Form 40 refund returns were processed on time, which was the goal. She expressed pride in this accomplishment given that a month delay during tax season was challenging for everyone, including preparers who had to hold returns.

Training is continuous with the academy, but Coen Isbell, the Training Specialist dedicated to Revenue Operations, has been reviewing procedures and conducting training on the new GenTax ticketing system to track issues. Ms. Wind noted it is beneficial that the ticketing system is now in GenTax. Revenue Operations is implementing first-time all-RO training like what Compliance and Audit have. Because RO must ensure money is in the bank and mail is deposited, they cannot take staff out for a full week, so they are staggering training during the first 2 weeks of August.

Recent promotions include Julie Jones as a TRS-3 taking over the ARM (Account Registration Maintenance) group, which has expanded in work items and tasks. Nick Ritchie is the new Tax Bureau Chief. Ms. Wind noted his excitement and energy, mentioning he booked 15 interviews for one week back-to-back.

Ms. Wind noted the CAD Team (Coordination and Design/TAS Team) is very busy because everything in RO goes through them for all changes. The PCM/Fairfax project Phase 4 went live on May 18th, with ongoing testing and working out issues. The ticketing system for users was highlighted as affecting users directly, but this team had the idea and implemented it. Ms. Wind noted it helps the team know what is going on because previously many conversations were verbal with people just saying something was broken, so the team asked them to write it down. The ticketing system helps focus on issues.

Ms. Wind read positive comments about the Idaho Tax Commission. Kudos to Greg Anderson and Jessica Gee highlighting that: “ATS opened on time, results were positive and received quickly, testing was accurate even though changes were made after the fact, schemas were released on time, changes were well communicated, acknowledgments were sent in a timely manner,” and one significant comment saying, "Communication was timely,” and the feedback consistently noted that Idaho is “very responsive.” One comment from a vendor was “…top-notch communication, responded to inquiries personally and promptly.”

Initial Data Operations (IDO), the Annex and Mail, concluded last quarter handling all mail operations. Mail volume is going down year over year as paper usage decreases. The team had to do significant testing and rescanning of documents for the PCM (print center modernization) project. Ms. Wind gave huge kudos to the team for receiving an exemption to deposit money when opened, even though statute requires deposit within 24 hours. The team set a goal and only missed the 24-hour deadline (from when received, not when opened) on 2 days when it took 48 hours. She was proud of the team for taking this seriously, making their own goal, and achieving it despite the influx of mail.

In RAP (Registration and Processing Department), during the second quarter, they had significant changes with an additional 8,000 to 10,000 work items generated by Conformity. This increased workload for personal staff, full-time staff, and tax temps. Changes from CORE 21, Conformity, PCM, Fairfax, and Parental Choice created extra work items. Individual income tax work items completed increased 57%, largely due to duplicated work items from conformity because returns came in and had to be held until development was done, requiring staff to touch them twice. Business income tax work items completed went up 12% as the state grew. Account Registration Maintenance (ARM) had a 153% increase in workload due to CORE 21 changes and matching issues. Permit accounting had a 13%

increase in workload. Ms. Wind noted that RO is growing without getting more resources, but the division is shifting people and cross-training to move where workload flows, demonstrating agility.

There are openings, though not many at the time this report was written. The goal is for entry-level positions to come in and move throughout the agency. Ms. Wind noted it is amazing how many temps become permanent, mentioning even the new bureau chief started as a temp.

While not included in the written report, Ms. Wind said they brought back the RO Engagement Team to help with employee engagement in RO. They organized a nature walk down to the pavilion for breaks, with apple juice and a little ice, and a goodbye walk. Even though simple, people loved it and asked to do it again. Ms. Wind discussed how the year was quantified by hearing how challenging it was. She wanted a mind shift because the division was doing many good things, but it was visually hard. The engagement team came up with an idea of a tree, with apples representing things accomplished. The bigger apples represent CORE 21, Fairfax, and conformity, which were the biggest challenges (representing somebody else's ideas that RO had to implement), but the division accomplished them. She provided pictures of the tree, noting many small accomplishments. For example, the annex moved mail pickup into better and safer conditions. She expressed excitement to see the tree grow and continue, noting it has helped people recognize they are getting things done.

Commissioner Woods commended Ms. Wind's report as impressive and inspiring. However, he stated he does not believe doing more with less is an infinite solution. He noted that at some point, growth of the state and complexity of tax laws need to be addressed with appropriate resources. He stated he will not be shy as Commissioner in advocating for budgetary resources. He acknowledged some accomplishments came from pushing off other things that needed to be done, creating mounting liabilities. He praised her team but reiterated the need for adequate resources. She agreed that the tree visualization arose from the reality of the taxing load and acknowledged burnout is real.

Ms. Lantz was recognized and asked how the agency knows the full cost of Conformity and when the accounting equals out. Chairman Bernasconi responded that anytime there is a change in tax law, the full cost includes the cost of adoption by preparers. Until preparers fully understand and take advantage of tax planning around conformity issues, the cost is unknown. He estimated it probably takes a couple of years for widespread adoption and understanding from people preparing returns. Commissioner Woods added that when conformity goes to the legislature, it is a legislative action, and there is an opportunity to express a fiscal note. That is the agency's opportunity to express its view of costs, though whether it is accepted is up to the legislature. Ms. Wind made a plea that anytime tax code is backdated, it duplicates efforts. She explained the agency spent 9 months building for changes going forward, but backdating tax law creates duplication that is hard to quantify.

Ms. Lantz asked if it is the Tax Commission's strategy to keep long-term cost information about Conformity so that next time it happens, stakeholders and the legislature can look at estimated versus actual costs. Commissioner Moyle responded that with a crystal ball, this would be possible, but there are always many moving parts. This year there were 48 pieces of legislation affecting the agency. It is extremely difficult to isolate the cost of any single piece because one change affects multiple areas. The teams did very well trying to put fiscal notes together this year despite this being an extremely difficult task. If one could predict which pieces the legislature would accept and which they would not, the crystal ball would be much better. It is very difficult to say exactly what something costs at the end of the day. Refunds would have been different if W-4s had been changed, so outside stakeholders also affect what happens internally. It takes a couple of years for everything to work its way through.

Chairman Bernasconi stated that as part of the strategic process and operational excellence, the agency is trying to get better at measuring the level of work even for small fiscal notes. Over 40 bills a

year affects what the agency does, using up spare capacity. The agency looks back retrospectively at units of effort and work to inform the fiscal note process going forward. The answer is the agency does not know how many people will fully utilize Conformity from a tax planning perspective, but it does know how much work Conformity creates internally. He noted that FRED (annual tax system changes) has already started. The agency is preparing the system to start accepting tax returns in January based on current tax law, which is substantial work. Having to pivot late creates extra effort. Ms. Wind added that since Miguel Legaretta and Laura Lantz were present, she wanted to plug for agency involvement in legislative changes. The agency has seen differences in outcomes when they are involved versus when they are not. Ms. Wind expressed a desire to be involved wherever possible. Commissioner Moyle pointed out that legislators do not think about the fact that every piece of legislation affects the entire building, requiring resources from every division, and she re-echoed that if the agency had more resources, it would definitely be better, noting it is getting tougher as the state grows and legislation gets more complicated.

Commissioner Woods added that quantifying this is not just algebra but more complex, involving things the agency no longer has to do and new things it has to do. He stated that if the agency does not have difficult conversations about resource needs, things will break, with refunds not getting out and things not being processed. Leaders must engage to explain why additional resources are needed, even though it is not simple.

General Services and Finance Report

Rick Mascall, Division Administrator for General Services, presented the administrative report covering Quality Assurance and Research and Financial Services.

Quality Assurance and Research - Operational Excellence: A big win this year was addressing staff understanding of operational excellence. During the FY25 strategy recalibration, the team identified that many staff did not understand what operational excellence meant, viewing it as merely documentation. Thanks to Ms. Eavenson and Mr. Viker, messaging went out, including case studies to help staff recognize they were already doing continuous improvement work. Mr. Viker provided LUMA training to solidify understanding. Talon Johnson, Operational Excellence Coordinator, facilitated sessions in the commission with 400 employees in 12 different sessions. Employees were asked for input on places to improve, generating 400 improvement ideas. Mr. Johnson had 9 ideas left to categorize as of the morning of the meeting so action can be taken during the year. Mr. Mascall attended many sessions and found staff were engaged and the sessions were well received.

Additionally, Jerry Macner, Quality Assurance and Research Manager, in his first year with the agency, pressed for better documentation indexing to make procedures easier to access and more transparent. He worked with Ms. Young to marry the SOP process with documentation indexing, providing a good head start for next year's work. Mr. Macner developed a new incident form that effectively asks why something happened. Mr. Mascall noted Mr. Macner’s advantage was not knowing anything about what the agency does, so he relied on stakeholders to explain things, which may have been annoying for some participants but has been effective on incidents worked on.

Customer service improvements by the QAR team include work on TAP interfaces. Parker Gregg, Quality Assurance Business Analyst, worked on some specific items: After CORE 21, there were many duplicate payments. Parker sat with different teams and FAST to understand what was happening and added language to screens to help taxpayers understand and avoid making double payments, significantly reducing duplicates. He also worked with Communications to improve the language and expectations for taxpayers on registration and refund timelines. Early data suggests this is helping.

Jacob Besser, Quality Assurance Research Analyst, Principal, has been working with the Division of Financial Management (DFM) for about 2 months to increase relations, sharing data to collaborate with that team and the State Controller's Office (SCO) team; the QAR team is integral in that effort. Mr. Besser also worked on performance modeling, building a dashboard for each division to help understand the big-ticket things moving in divisions. Recently he put out an agency-wide metric that looks good initially.

Financial Services - Budget: Like others mentioned, it was a challenging year with budget reductions across the agency. Postal mail decreased by $264,000, though this did not start until halfway through the year, so better results are hoped for with a full 12 months this fiscal year. The team (Robert Howe, Colby Cushman, and Aaron Yost) continues looking for additional savings. While continuing internal training, the team dropped development costs down 66% compared to 2025 by being cost-effective with training, though some outside input for training will still be needed. In-state and out-of-state travel were also down significantly.

Financial Services - Revenue Performance: There was positive revenue performance with a 2.4% overall increase for FY26. General fund distributions were up 8.1%, mainly from sales tax. Even though there was a slight decline in corporate income tax, other taxes kept the overall increase at 2.4%.

For the refund fund this year, the agency went to the Idaho Board of Examiners and was given authority to transfer $234 million in FY27 to fund the refund fund when it draws down too low to service returns requiring refunds. This can be taken in $20 million tranches to ensure refunds are issued as timely as possible.

Additionally, in Financial Services Toni Nash, Senior Buyer, was able to purchase 5 vehicles in FY26 in a short timeframe. The agency had held the vehicle purchase because of potential IT purchases, but held it until the last moment, and Ms. Nash was able to get vehicles purchased in FY26 to use capital money for what it was meant for.

Finally, Nicholena Silva, Chief Financial Officer, and her team were able to get through all the operating expense invoices and brought personnel expenses down to nearly zero, resulting in reverting only about $14,000 out of the full budget.

Chairman Bernasconi asked Mr. Mascall to discuss where the agency is on refunds, specifically how much has been drawn of the $234 million and the current status. Mr. Mascall said the agency has drawn $80 million so far this year out of the $234 million, bringing refunds sitting in the system effectively to zero. Ms. Wind's team is constantly processing refunds, so there are always some in the system. Yesterday there were about 600, but they were recently-approved refunds that should be processed at this point.

Chairman Bernasconi asked if they could comfortably say people who had been waiting should be through this, and Mr. Mascall said yes, as of last week, most paper checks should have gone out, so 7 to 10 days from probably Thursday of last week would see remaining ones settled.

Technology and Innovation Bureau Report

Isaac Joyner, Technology and Innovation Bureau Chief, reported that he is over project management, training, development, software development teams, and operations and security.

Projects: The Bureau was able to complete 24 enhancement projects from the annual plan. Projects included paper reduction, CORE 21, FRED, PCM, 2 auditorium districts in Nampa and the Mountain Home Community, and multiple House Bills including House Bill 3, House Bill 231, House

Bill 144, and House Bill 93. Mr. Joyner noted this was a lot of work by developers, project management teams, the agency, and testing.

Agency Training: The training team was created in September and is led by Zak Viker. There were 9,281 hours total training hours for FY26 recorded in LUMA. The initial drive for creating the team was to get all training in LUMA. Key contributions from training included: 117 new activities added into LUMA, CO2 training for Compliance, and, due to budget constraints, pivoting to assist Audit in their All-Audit Training and Compliance in their CO2 and CO3 training in an online format rather than bringing everyone to Boise, and developing a new version of the annual security training with a ton of good feedback. Coming up, the training team this year expects to include 3 areas of focus: the expansion of agency-wide trainings including identifying taxpayers training, a Train the Trainer series, and quarterly OE (Operational Excellence) training; continued development for divisional training including CO2 training, CO1 training, Audit training, and RO training; and the development of the training page on Tax Insider currently underway, with an up-to-date schedule of training events, a new hire agency training roadmap, and helpful tutorials on navigating LUMA's Learning and Development section.

Development Teams: Mr. Joyner said developers "just crank out work." The Bureau has 11 positions and should be filling the last one this week. Usually there is good rotation in Software Engineer 1 positions due to turnover. Tax developers closed 647 SQRs. FAST closed just under 700 (676). Most of the FAST work was due to CORE 21 implementation and system maintenance. Tax Developers were focused on projects, legislative projects, planned production maintenance, and a big lift on unplanned maintenance (break-fix work).

Operations and Security: The operations team does significant coordination with ITS. They completed 580 SARs (Security Access Requests) for the fiscal year, which Mr. Joyner explained means setting up new hires with desks, laptops, and monitors. They deployed 95 laptops (about 40 to 50 fewer than desired due to budget cuts) and 74 monitors. They collected 135 desktop printers toward the internal paper reduction effort.

The Ops Team facilitated and led a tabletop exercise and risk assessment for GenTax, a collaborative effort with TIB, Property Tax, FAST, HR, and teams from ITS. The exercise reviewed security risks of GenTax. Mr. Joyner noted the Ops Team (specifically Vonnie Larsen, Operations Team Manager) did a great job coordinating and facilitating this exercise held at the Tax Commission. They also presented and finalized the continuity of operations plan (COOP) to OLT (Operations Leadership Team), which was approved and posted. Another tabletop exercise for tax leadership will occur soon, probably late in the first quarter or early in the second, for a tabletop of the COOP involving commissioners.

For the Corrective Action Plan (CAP) tied to the Safeguard Security Report (SSR), the team cleared 34 of the remaining 112 open items. He noted they started with 800 items, so significant progress has been made. The next IRS audit is scheduled to start August 3rd. Mr. Joyner noted they have already had about 5 meetings, so they are already engaged in the process. This will develop a new SSR and new CAP.

Currently, they have a couple of vacancies; the IT Manager 3 position (Mark Norton retired) and a Software Engineer 1 position, which he noted is the highest turnover position. The Software Engineer 1 position should be filled by the day of the meeting. They have some new hires, including Brooks Danielson (Software Engineer 1), Alex Wezensky (Software Engineer 1), and Coen Isbell (Training Specialist). Promotions included Ben Holliday from RO to TIB as Project Coordinator, Sam Baisch to Software Engineer 3, Maya Murphy to Software Engineer 2, and April Kooch to Program Coordinator.

In FY26, they recognized some Employees of the Month: In August: Kurt Hammes, Software Engineer II; in September, Steve Taylor, Training Specialist; November, Brian Dufort, Software Engineer III; January: Maribel Cervantes, Software Engineer II; March, Maya Murphy, Software Engineer II; and in June, Matthew Forest, Software Engineer III.

Mr. Joyner said he added a list of abbreviations at the end of his report after Commissioner Zwygart's previous request for explanations of acronyms, though he did not include explanations for every acronym used during the presentation.

Public Information Report

Julie Evanson, Public Information Director, reported that Tax Communications, as it exists now, started essentially January 1st. Like RO, the office generally works on a calendar year because planning starts around tax season. Ms. Eavenson noted this is the last time doing quarterly reports and she organized her report around Mr. Sailor's direction to look at statistics, determine what they show, and identify actions to take as a result to get better.

The agency averages around 250 unique viewers on each Tax Insider article. To boost these numbers, the team (led by David Blehm, Communications Project Coordinator) is focusing on making Tax Insider posts relevant for everyone in the agency. The strategy is to focus on direct communication for other matters: items about events affecting only Boise go to the Tax Boise email list; items everyone needs to know about right away go to the Tax Everyone email; small groups affected by something receive direct communication rather than filling everyone's inbox. The team is working with contacts in each division and area to implement this approach. Ms. Eavenson is looking at new ways to make emails look more like newsletters with additional elements. The goal is to boost Tax Insider opening rates from just over 50% to higher numbers as employees see the value.

The website upgrade that was started last year was completed with ITS through a project. They had directed the agency to upgrade the website 3 to 4 years ago, and ITS informed us it was not ADA-compliant. They have since discovered other non-compliant elements. The second piece, with a final date of April 2027, is upgrading all PDFs on the website to be ADA compliant. Bryan Swain has the lead on a two-tiered approach: Training for approximately 13 people who post to the website so they can post ADA-compliant PDFs (ITS has provided software to help); and hiring a temporary employee whose sole responsibility will be updating PDFs to make them ADA compliant.

An important, completed component was a branding guide. Hailee Clifford, the graphic artist, completed a branding guide including colors, fonts, and everything needed. As the website is upgraded, emails are refined, and PDFs are updated, everything will have the look and feel representing the State Tax Commission. Ms. Eavenson emphasized this is important because the agency wants the public to trust them and recognize official documents and notifications. She noted branding guides can be found publicly at colleges and universities, but most corporations do not publish theirs as they are proprietary.

The team continues to work on finding communication gaps and bridging them with employees. Communication is mentioned in every single conversation with employees. This year two specific gaps were identified with training implemented to address them: For Supervisors: The Trusted Source training was provided to all field office supervisors through the Hire to Retire series. Supervisors are the most important piece in communication as people go directly to their supervisors for information. This training has gone to the training team; and the Role of the Employee in Communication training is in production. This will help employees understand communication is not about spoon-feeding information from division administrators, the chairman, or commissioners. At some point employees have to take the information. This includes the mantra for every message: What are we doing? Why are we doing it? How

does it affect you, as an employee? And a fourth element has been added: What we want them to do with the information, because if they do not do anything with it, it is just information going out.

Matt Cotner is the lead in implementing communication plans and stakeholder analyses in all major initiatives. It is important to analyze internal and external stakeholders to know what they need for effective communication. This strategy and stakeholder analysis process was used in the first phase of operational excellence. As Mr. Mascall said, this has shown real progress in levels of understanding and adoption of continuous improvement as a cultural way of doing things.

The agency receives more than 10 public records requests every month on average and the requests are more complex. With all other work, it is hard to always respond within 3 days. To combat this, the team is working with legal on big requests to ask for money upfront. Ms. Eavenson acknowledged working with Christina Nelson, Deputy Attorney General assigned to the Tax Commission, and stated they are not trying to charge people, but when a single request includes 3,700 pages, there is a cost to redacting and reviewing, and it is not feasible to just allow people to come in and look. Another current request involves 5,600 documents. The agency does not have months to spend on these requests. The strategy going forward is to be more proactive in communicating timeframes and making sure the agency is not spending hours when the law allows them to charge for extensive requests.

Ms. Eavenson said the goal in media coverage is to remain neutral. The agency wants people to comply and understand. If coverage is facts-based, the goal has been met. If media picks up helpful hints and tips, that is desired. The agency had some interesting coverage this spring with 10 negative articles in just the last 6 months (compared to possibly none the year before), all related to Parental Choice. There was also one positive article giving kudos, also related to Parental Choice. The strategy is to align all marketing plans, news releases, and media advisories. Rather than "Tuesday Tax Facts" which created an unsustainable expectation, the team is building suites of communication tools to boost media hits with neutral coverage. The team will look at numbers, implement strategies, then look at numbers again to see if they can get more hits.

The Communications Team was responsible for all education outreach regarding the Parental Choice Tax Credit in 2025. Since the beginning of calendar year 2026, the team continues to monitor and upgrade the website. A brand-new revamp is planned starting August 17th based on what the team learned about how customers use the My School Choice website, trying to change the website to help them find what they are looking for. She expressed hope that people will read the content. The team has been handling all Parental Choice emails, answering about 3,000 since the program started. As numbers continue to go down, the team is working with Marc McNabb in Taxpayer Services to transition email handling. She will personally still take escalated emails. This will give Celeste Schmidt, Communications Project Coordinator, time to start doing webinars, as the program is getting demands. Two webinars were done last quarter and two are scheduled for August, but more outreach is needed.

Government Affairs Report

Aaron Yost, Government Affairs Program Manager, began by noting this was his opportunity to say welcome back to Commissioner Bernasconi, as he was not present at the last meeting Commissioner Bernasconi attended.

Mr. Yost explained that when he started, one objective from the previous chairman was to take the established Government Affairs program and look for efficiencies and opportunities benefiting the agency with an agency-wide view. This year has been quantified by significant restructuring. When the rules coordinator moved away for family opportunities, the agency maximized that opportunity by reallocating the position and leveraging the team's skill sets, developing them more appropriately for Government Affairs tasks. As part of restructuring, Government Affairs no longer oversees the forms

process for the agency. That task now lies within Management Services under the Technology and Innovation Bureau although the Government Affairs team still sits on committees advising on new laws, statutes, and rules to ensure reports are accurate. This shifted significant workload away.

Mr. Yost noted the legislative activity was already discussed, and he didn't spend much time except to note a typical session for Idaho has about 20% of all passed bills having an impact on the Tax Commission, which impacts every person in the room and teams behind them.

If one word could define this year, he said it has been "one big, beautiful year," personally and professionally. The team began monitoring One Big Beautiful Bill (Public Law 119-21) back in February-March in its original first drafts before it became a bill. The team began reading reviews and provisions before anyone would even expect involvement. They were prepared to understand complexities, which turned out to be right on time as it went into effect July 4th. When the team got to the final version, drafts did not match up with many provisions, not as originally expected. Mr. Yost gave kudos to Trisha Thomas, Individual Income Tax Research Specialist, for taking point to help break out a systematic review of the federal legislation provision by provision to understand how it crosswalks across federal and connects to state level. She did groundwork requiring tremendous follow-through work from the team and Jacob Besser, Principal Research Analyst, and the rest of the agency to ensure proper understanding of how provisions would react with state code and what would be needed. This easily occupied more than half of the Government Affairs team's time the entire fiscal year. They were engaged all summer into fall with stakeholders and the executive branch. The bill that emerged was not originally anticipated, but there was huge success in what came out and the fact that returns were processed and deadlines were hit.

Mr. Yost emphasized that effective dates matter. When dates are pushed backwards, it changes everything dramatically and increases administrative cost impacts drastically. This was not just at the state level, as the federal level also made retroactive changes, introducing dynamics that were a first for him and providing good learning lessons going forward.

Going into this legislative session, the agency originally had five executive agency legislative pieces planned, including required agency code cleanup acts worked on by the commissioners. The Division of Financial Management (DFM) and the governor's office took a holistic approach and moved forward all state code cleanup. Nothing came out of the Tax Commission's specific code cleanup acts, but substantial work was put into them. The Internal Revenue Code Conformity bill that started as an executive agency idea was not the final bill but rather a collaboration and ultimately the legislative bill that went forward and passed. The agency had a proposal around the kilowatt-hours tax, but an external partner picked it up and it went in a different direction.

The one bill the agency did have was around secure electronic communication, relating to paper reduction work. Mr. Yost gave kudos that the idea and initial work for this bill was done by Mr. Sailor several years ago through a Legislative Ideas submission. Mr. Yost emphasized the importance of submitting ideas to create awareness of timing, relevance, and ability to know when a good idea makes sense to go forward. This was a perfect culmination of state budget needs and an idea already known. Between agency work, executive branch support, good commissioners, and committee chairs on both sides, the bill made it through session and went into effect this year.

Mr. Yost ended up taking leave during that period, noting it was one big beautiful year personally for the Yost family as well as the team. In his absence, Kudos went to Elena Gonzalez, who many got to work with. She spearheaded the statute administrative review process. The team has been working on improvements, doing more groundwork to effectively engage commissioners with what bills look like to get better collaboration. Mr. Yost expressed gratitude for Ms. Gonzalez' work, noting he heard from commissioners about the way she improved and implemented the process.

The last thing related to the Government Affairs restructure is that the rules coordinator went away but the role and responsibility did not. He gave kudos to Philip Johnson, who many have worked with. Mr. Johnson had already been handling the rules that went forward for the last session, including the Sales and Use Tax chapter and the Hotel/Motel Chapter. Those passed through the legislative body. Mr. Johnson did a great job championing and moving them through, working with the legislative body, and internally on the public negotiated rulemaking process. Because of his exposure and for development opportunity, Mr. Johnson has had a deep dive into the Rules Writer Review Manual, taking a crash course by doing it himself after the Rules Coordinator left halfway through the process. He is now championing that role for the agency.

With the new structure where forms moved away, every Specialist now fully owns their rules chapter from beginning to end of the coordination process, with Mr. Johnson as the key point of contact and the key contact with DFM to ensure the public rule meetings are properly documented. Mr. Johnson, Ms. Thomas, and Ms. Gonzalez own their chapters, and Garin Evans, Property Tax Policy Specialist, manages Property Tax. This is the new structure in Government Affairs.

The agency is now into the new 8-year review cycle proposed by the legislature. The 8-year cycle was provided in the commissioners' notes. Coming up for review this year is the Administration and Enforcement Rule chapter review. The public negotiated rulemaking process has already started. Mr. Yost thanked Miguel Legaretta, Associated Taxpayers of Idaho, and Ms. Lantz for both being there, noting he thinks was one of his most well-attended rules meetings outside of property tax. The agency also has two other promulgated rule dockets being worked on: one for income tax related to multiple bill changes, and one coming through Property Tax with a couple sections being addressed for needed updates.

FUTURE MEETING SCHEDULE AND FORMAT CHANGES

Chairman Bernasconi announced changes to the meeting schedule and format going forward. The commissioners decided this business meeting will become an annual event rather than quarterly. The next open meeting when all administrators provide reports will be July 28, 2027 [actual meeting date: July 27, 2027]. Open meetings will still be held as required by statute when anything requires a vote of the commission. Notice will still be provided for those meetings, but they will not include all the additional reports, only matters around votes to be taken.

To address concerns about keeping lobbyists and stakeholders like Ms. Lantz and Mr. Legaretta connected without quarterly meetings, the agency will implement "lobbyist calls" like what Health and Welfare started. Mr. Yost will coordinate those calls as opportunities to report timely about things going on. The agency will hold 3 – 5 calls per year depending on the need. These meetings will not occur during a legislative session because everyone is busy but will instead happen coming out of session to discuss how it went, agency concerns, stakeholder concerns, and issues to be aware of going forward. The agency will curate the list to keep it to folks with active interest in what the agency does. This is not a reporter's roundtable or press briefing, but rather an opportunity to talk to people closest to taxpayers and decision makers who carry issues and are concerned about what the agency does.

Chairman Bernasconi indicated the first call might be in the October, November, or December timeframe. There might be two calls, possibly a year-end closeout. The agency is open to suggestions and will figure out what needs to be communicated and what would be helpful. He emphasized that beyond these calls, stakeholders can always call as they do now when they have questions.

PUBLIC COMMENT

Ms. Lantz stated, for the record, that anyone who asks will hear her say the Tax Commission handled conformity as well as fiscally possible, noting she has heard of other states losing much more.

She applauded everyone's efforts and noted that every time a disgruntled member complains about something, she reminds them the Tax Commission can only do what they can do with what they get. She thanked everyone for being great to work with, mentioning Mr. Yost and his team specifically. She noted the process was tough for the Tax Commission and for CPA Society members, but they made it through together and made it through well. Ms. Lantz particularly appreciated feeling comfortable calling the Tax Commission and noted the agency is open to receiving questions. She acknowledged that nobody will ever agree 100%, but she has never felt disrespected or that she should not ask a question. She admitted some of her questions are not smart, but she is going to ask them anyway because she wants to learn. She thanked everyone for what they do for her specifically and the Society in general. Chairman Bernasconi thanked Ms. Lantz for her kind words. Commissioner Woods pointed out that while the numbers show 40 to 48 bills are typical, that does not come close to reflecting the complexity of this year's pieces of legislation.

No other public comments were offered.

ADJOURNMENT

Chairman Bernasconi announced the next business meeting is scheduled for Tuesday, July 2[7], 2027 at 9:00 AM. With no further business, the meeting was adjourned.

Maria Young, Secretary

John Bernasconi, Chairman

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