



Idaho State Tax Commission

Base Review (LBB 6-185)

Timothy Hibbard, Senior Analyst

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Idaho State Tax Commission

Authorized in Chapter 1, Title 63, Idaho Code, the State Tax Commission has five budgeted programs: General Services, Audit, Compliance, Revenue Operations, and Property Tax.

1) General Services consists of the Commissioners, Administrative Section, Legal Section, Taxpayer Resources (Communications, Tax Policy, and Taxpayer Services), Integration Services, Human Resources, and the Management Services Division. This program provides for centralized management, policy development, legal, personnel, fiscal, and computer services.

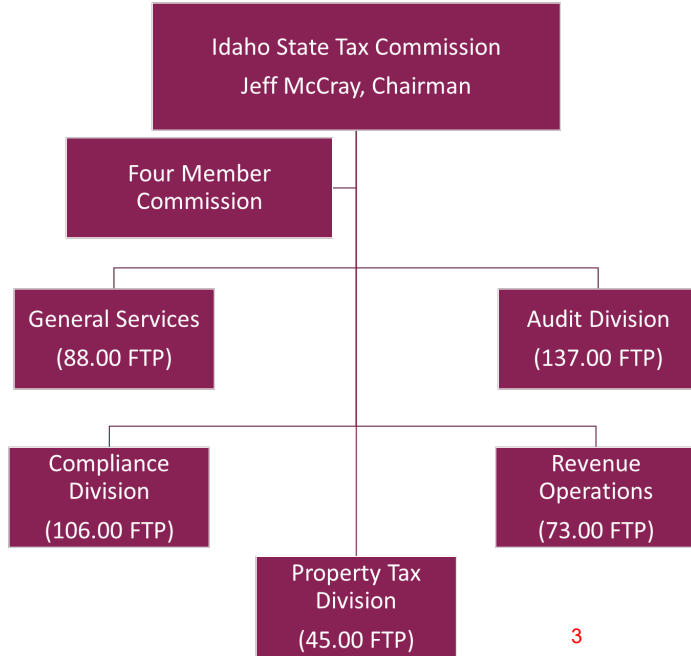
2) The Audit Division conducts audits on all tax types administered by the agency by the authority of Idaho Code and the Multistate Tax Compact; conducts discovery and enforcement efforts directed at non-filers; and fraud and identity theft mitigation.

3) The Compliance Division operates from the administrative office in Boise and works from and oversees five field office locations; it is also responsible for collecting delinquent taxes for all tax types, and for providing front-line taxpayer services at the offices or over the phone.

4) Revenue Operations administers the voluntary tax compliance program. Activities include: a) registering permit holders for sales, withholding, hotel/motel, special fuels, beer, wine, cigarette and tobacco taxes; b) ensuring that all individuals and licensed businesses are mailed proper tax forms for reporting; c) establishing taxpayer liability, as well as processing revenue and refund documents submitted by taxpayers; and d) maintaining a records system capable of providing individuals with tax documents.

5) The Property Tax Program provides oversight and technical support in the administration of the property tax system, working to ensure fair, equitable, and accurate property taxation. The program is required to: annually appraise all class three operating property, as required by Section 63-2215, Idaho Code; examine property tax levies of all taxing districts to ensure compliance with Idaho Code; develop forms, procedures, and computer software necessary for county assessors to appraise property; develop an assessor's manual in order to facilitate uniformity of appraisals; and administer property tax relief through the Circuit Breaker Program.

Organizational Structure



440.00 FTP
23.00 Vacant
as of 9/01/2023

Five-year Averages

Authorized FTP: **448.85**

Filled FTP Percentage: **92.36%**

Personnel Cost Appropriated: **\$32,942,640**

Percent of PC Spent on PC: **96.14%**



Consolidated Fund Analysis

Description	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Beginning Free Fund Balance	\$2,347,500	\$2,909,100	\$147,744,400	\$3,848,100	\$3,168,200
Receipts and Transfers	\$15,094,400	\$584,229,200	\$522,165,000	\$19,747,000	\$19,858,200
** Cash Expenditures & Agency Request	\$14,532,800	\$439,393,900	\$666,061,306	\$20,426,900	\$19,923,500
Ending Free Fund Balance	\$2,909,100	\$147,744,400	\$3,848,094	\$3,168,200	\$3,102,900

By Fund

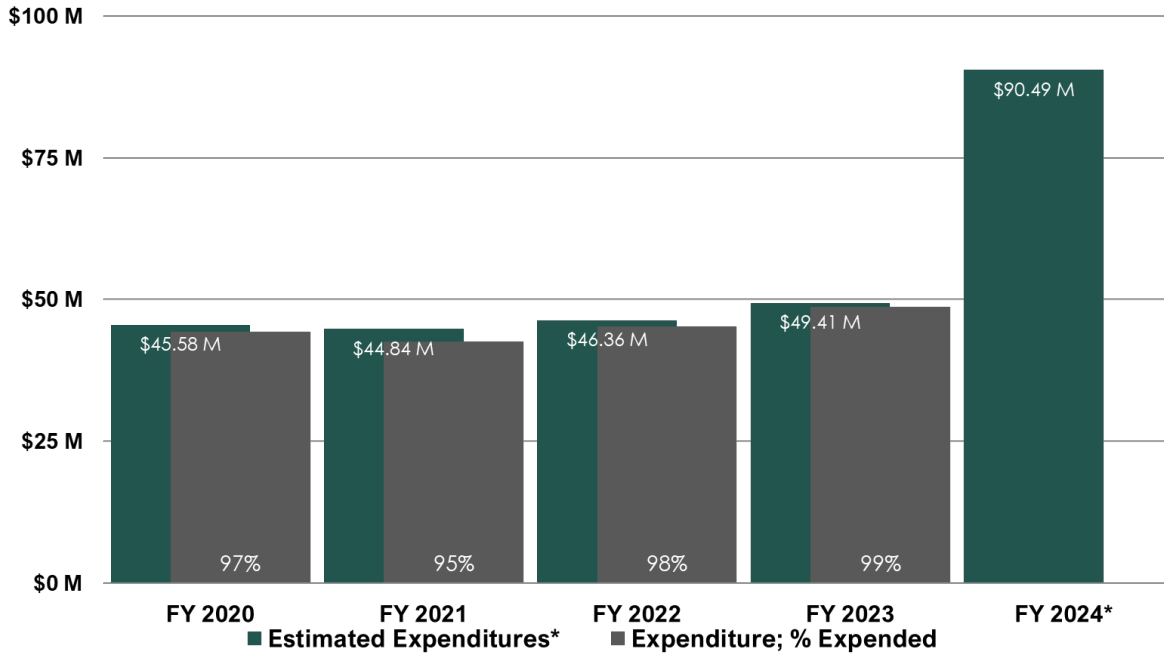
A Multistate Tax Compact	\$659,100	\$289,900	\$287,700	\$288,400	\$260,200
B Internal Accounting And Admin Services: General	\$228,700	\$284,800	\$328,000	\$291,900	\$245,200
C Internal Accounting And Admin Services: Transportation	\$1,774,700	\$1,942,400	\$2,141,194	\$2,036,600	\$1,950,400
D Seminars And Publications	\$246,600	\$338,500	\$444,500	\$551,300	\$647,100
E Tax Rebate Fund	\$0	\$144,888,800	\$646,700	\$0	\$0
Ending Free Fund Balance	\$2,909,100	\$147,744,400	\$3,848,094	\$3,168,200	\$3,102,900

** Estimate based on request.

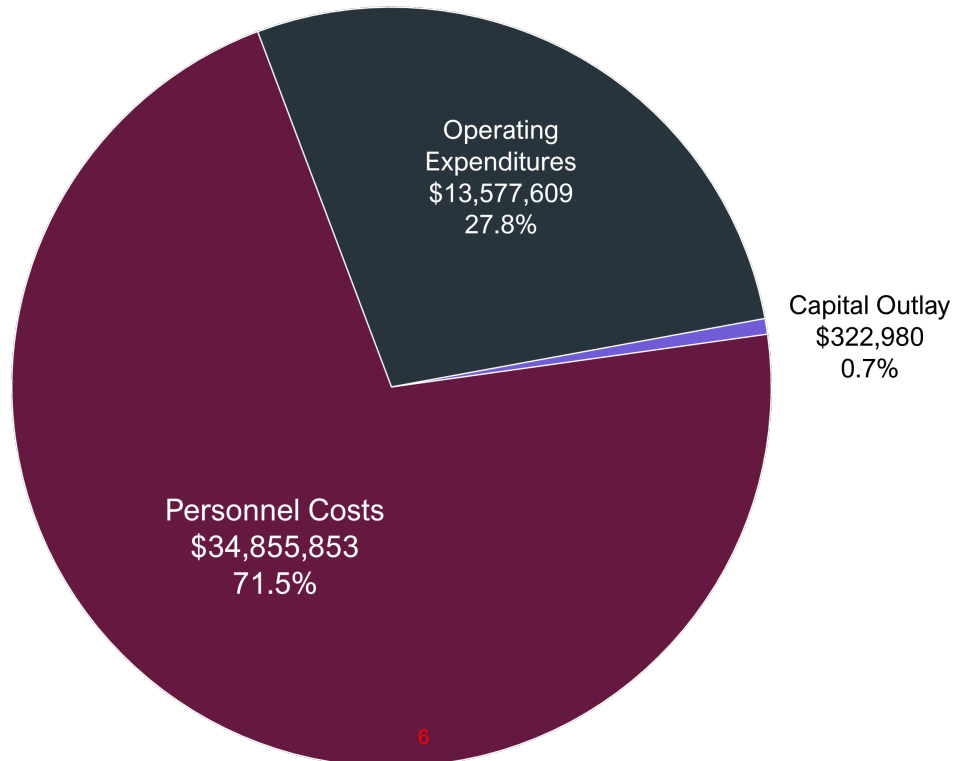


Five-Year Appropriations and Expenditures

Estimated and Actual Expenditures



FY 2023 Expenditures



Five-Year Base Snapshot

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024*
1. Total FTP	448.00	448.00	443.00	446.00	440.00
2. Current Year Base	43,319,100	44,763,400	44,681,600	46,100,200	49,087,400
3. Benefits Costs	92,500	(138,500)	104,700	252,000	363,700
4. Inflationary Adjustments	44,300	305,000	137,500	182,500	206,800
5. Statewide Cost Allocation	297,400	40,000	(213,900)	260,800	424,900
6. Annualizations	39,400				
7. CEC	846,700	705,600	634,700	2,187,600	1,340,500
8. Total Ongoing Maintenance Change	1,320,300	912,100	663,000	2,882,900	2,335,900
9. % Chg from Current Year Base (line 8 / 2)	3.0%	2.0%	1.5%	6.3%	4.8%
10. Ongoing Enhancements	124,000	(346,700)	763,600	104,300	1,026,900
11. Ongoing Supplementals		(647,200)			-
12. Total Ongoing Enhancements Change	124,000	(993,900)	763,600	104,300	1,026,900
13. % Chg from Current Year Base (line 12 / 2)	0.3%	(2.2%)	1.7%	0.2%	2.1%
14. Ongoing Base Adjustments			(8,000)		-
15. Next Year Base (line 2 + 8 + 12 + 14)	44,763,400	44,681,600	46,100,200	49,087,400	52,450,200*
16. Total Base Change (line 15 - 2)	1,444,300	(81,800)	1,418,600	2,987,200	3,362,800
17. % Chg from Current Year Base (line 16 / 2)	3.3%	(0.2%)	3.2%	6.5%	6.9%

*Next Year Base not set. Ongoing Original Appropriation used instead.



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2023 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Commissioner CEC	Enhancement	\$25,600
Software Engineers	Enhancement	\$78,700
Total Ongoing Base Change from Enhancements		\$104,300



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2024 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Commissioners CEC Increase	Enhancement	\$12,100
DHR Consolidation	Enhancement	(\$135,200)
FAST Collection Services	Enhancement	\$550,000
Imaging System	Enhancement	\$125,000
Tax Season Temporary Employees	Enhancement	\$475,000
Total Ongoing Base Change from Enhancements		\$1,026,900



2025 Budget Request (Supplementals & Enhancements)

Enhancement Name	Priority	Onetime	Ongoing	Total
OITS Equipment Modernization	1	\$347,200	\$35,900	\$383,100
Technology and Innovation Bureau	2			
Commissioner CEC	3		\$4,600	\$4,600
Total Change from Enhancements		\$347,200	\$40,500	\$387,700

The agency is requesting an additional \$363,100 for replacement items.



2025 Governor's Recommendation (Enhancements)

Enhancement Name	Type	Ongoing	Total
Commissioner CEC	Request	\$4,600	\$4,600
Additional	Gov Rec	\$12,000	\$12,000
Total Change to Enhancements from Gov Rec			\$12,000
Total Governor's Recommendation			\$16,600



Note: The Governor recommends changes for personnel costs related to salaries and benefits.

LBB
6-189

Contact Information



Timothy Hibbard
Senior Budget and Policy Analyst
Legislative Services Office

Office #C420
(208) 334-4858

thibbard@Lso.Idaho.gov



Performance Measures

Performance Measure		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1. Annual Gallup Survey of Employee Engagement	Actual	25.0%	31.0%	32.0%	38.0%	-
	<i>Target</i>	-	27.0%	34.0%	37.0%	65.1%
2. TAP Survey Response Score	Actual	-	90.0%	90.0%	90.0%	-
	<i>Target</i>	-	70.0%	85.0%	85.0%	95.0%



FY 2023 Expenditures – Personnel Costs

71.5% of Total Expenditures

Gross Salary and Wages: \$24,707,954

Employees	\$23,922,389
Temporary Employees	\$785,565



Employee Benefits: \$10,147,898

Group Health Insurance	\$5,206,523
Employer Retirement Contribution	\$2,837,825
Social Security and Medicare	\$1,816,672
Life Insurance	\$169,207
DHR	\$68,331
Workers Compensation	\$48,105
Prior Year PERSI Contribution	\$1,254



A Total of \$34,855,853 Was Expended on Personnel Costs

FY 2023 Expenditures - Operating Expenditures

27.8% of Total Expenditures

Expenditure	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	% of Total
Repair & Maintenance Services	\$3,797,982	\$4,426,387	\$4,079,570	\$3,917,204	\$4,620,085	34.0%
Computer Services	\$31,016	\$202,625	\$1,659,751	\$1,538,793	\$2,507,097	18.5%
Rentals & Operating Leases	\$2,356,693	\$2,394,274	\$2,028,091	\$1,927,891	\$1,859,894	13.7%
Miscellaneous Expenditures	\$1,608,026	\$3,438,211	\$1,302,949	\$1,814,866	\$1,606,753	11.8%
Communication Costs	\$1,128,001	\$1,086,231	\$1,217,810	\$1,529,845	\$1,185,489	8.7%
General Services	\$377,015	\$431,290	\$374,220	\$472,320	\$553,687	4.1%
Employee Travel Costs	\$342,788	\$184,299	\$76,598	\$223,284	\$338,527	2.5%
Employee Development Costs	\$186,923	\$169,892	\$93,462	\$195,703	\$209,811	1.5%
Administrative Services	\$277,168	\$267,707	\$226,769	\$367,618	\$201,933	1.5%
Administrative Supplies	\$227,003	\$228,676	\$724,412	\$457,065	\$183,423	1.4%
Computer Supplies	\$184,986	\$233,725	\$334,371	\$136,879	\$102,207	0.8%
Insurance	\$69,475	\$132,431	\$32,201	\$33,260	\$74,844	0.6%
Fuel & Lubricant Costs	\$42,991	\$31,350	\$21,613	\$38,366	\$49,016	0.4%
Professional Services	\$11,095	\$2,052	\$6,774	\$17,258	\$40,763	0.3%
Repair & Maintenance Supplies	\$592,048	\$13,813	\$37,538	\$20,231	\$29,908	0.2%
Specific Use Supplies	\$4,589	\$21,610	\$22,278	\$19,178	\$14,044	0.1%
Utility Charges		\$15	\$11	\$20	\$85	0.0%
Manufacturing & Merchandising Costs				\$55	\$42	0.0%
Institutional & Residential Supplies				\$323		-
Total	\$11,237,801	\$13,264,589	\$12,238,418	\$12,710,158	\$13,577,609	-



2020 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Additional Auditors	Enhancement	\$124,000
Commissioner CEC	Enhancement	\$14,400
Batch Monitoring Services	Enhancement	\$81,500
Taxpayer Services Positions	Enhancement	\$35,500
Multi-Agency Decisions	Enhancement	(\$238,800)
Additional Processing Staff	Enhancement	\$107,400
Total Ongoing Base Change from Enhancements		\$124,000



2021 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Commissioner CEC	Enhancement	\$10,000
2% General Fund Reduction & Exemptions	Enhancement	(\$738,800)
Building Space Charges	Enhancement	\$171,800
OITS 1 - Operating Costs	Enhancement	\$6,200
OITS 4 - Agency Billings	Enhancement	\$204,100
Rent Reduction at Chinden	Supplemental	(\$647,200)
Total Ongoing Base Change from Enhancements		(\$993,900)

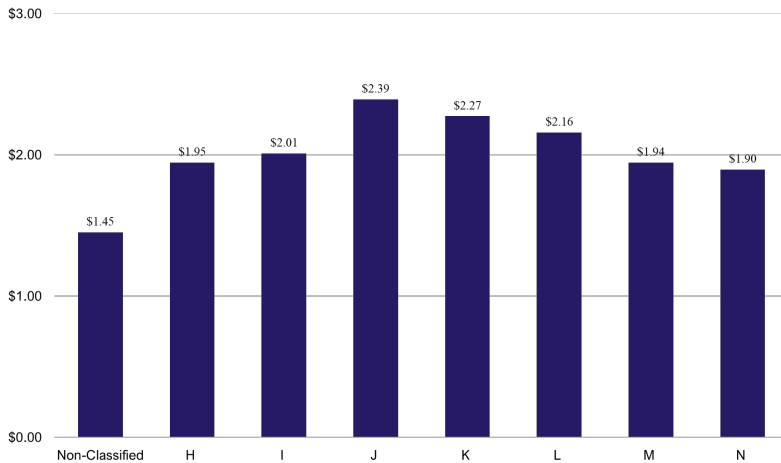
2022 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Commissioner CEC	Enhancement	\$10,000
Budget Reduction	Enhancement	(\$180,000)
Gov Initiative - FAST Hosting	Enhancement	\$933,600
Total Ongoing Base Change from Enhancements		\$763,600

FY 2024 CEC Implementation

CEC was implemented on April 2nd, 2023

Average Dollar Increase by Paygrade



Compa Ratio	Performance Measure					Total
	APS	SS	EX	PB	DNA	
70-90%	18%	40%	11%	8%	1%	77%
	72	156	43	30	2	303
90-100%	2%	8%	4%	0%	0%	13%
	6	32	14	0	0	52
100-110%	1%	3%	3%	0%	0%	6%
	2	11	12	0	0	25
110% +	0%	0%	1%	0%	0%	1%
	0	1	4	0	0	5
Exempt	0%	1%	1%	0%	0%	2%
	1	4	3	0	0	8
Totals	81	204	76	30	2	393

The Legislature appropriated \$1.20 per hour per FTP and State Tax Commission employees received an average of a \$2.11 per hour.

Employee increases ranged from \$0.50 to \$4.63 per hour.

Agency Funds – Sources and Uses

General (0001-00 Gen)

Sources: The General Fund consists of, "moneys received into the treasury and not specially appropriated to any other fund" (§67-1205). Approximately 47% of the General Fund is derived from individual income tax, 41% from sales tax, 7% from corporate income tax, and 5% from other sources. For a more detailed description of the sources of the General Fund, see the Governor's General Fund Revenue Book.

Uses: Provides for the general operation and maintenance of the State Tax Commission including personnel costs, operating expenditures, and capital outlay.

Multistate Tax Compact (0276-00 Ded)

Sources: Moneys collected as a direct result of audits conducted by the Multistate Tax Commission (on behalf of the state of Idaho) shall be paid by the State Tax Commission into the Multistate Tax Compact Fund. The Multistate Tax Compact was formed to determine the tax liability of multistate taxpayers, promote uniformity or compatibility in tax systems, and facilitate taxpayer convenience and compliance in the filing of tax returns and avoid duplicative taxation across states (§63-3709).

Uses: Each year the State Tax Commission receives the budget of the Multistate Tax Commission, including the statement of Idaho's share. On or before February 1 of each year, the Tax Commission certifies to the Senate Finance Committee, the House Appropriations Committee, the Senate Local Government and Taxation Committee, and the House Revenue and Taxation Committee as to whether the budget complies with the Multistate State Tax Compact. Unless the Legislature determines otherwise prior to adjournment, the amounts which the State Tax Commission has certified as complying are hereby continually appropriated from the Multistate Tax Compact Fund to the Multistate Tax Commission.

If the funds in the Multistate Tax Compact Fund exceed one hundred and ten percent (110%) of the most recent annual appropriation to the Multistate Tax Commission, the excess shall be transferred to the General Fund.

Payments to the Multistate Tax Commission from the Multistate Tax Compact Fund are made only on approval of the State Tax Commission (§63-3709).

21 Agency Funds – Sources and Uses

Administration and Accounting (0338-01 Ded)

Sources: The State Tax Commission is directed to retain funds for the Commission's cost of collecting and administering the moneys of certain donation tax check-off trust funds. The annual amount is three thousand dollars (\$3,000) or twenty percent (20%), whichever is less (§63-3067A and §63-3067B).

Any county that has levied a tax pursuant to §63-2602, Idaho Code, may contract with the State Tax Commission for collection and administration of the tax. Although the legislation sunset in December 31, 2009, the local option tax allowed for a ten-year levy to be distributed according to §63-2605 as follows:

- (a) An amount sufficient to pay refund claims to the State Refund Fund,
- (b) An amount equal to the cost of administering the tax is retained by the Commission, not to exceed the legislative appropriation,
- (c) The remaining balance is distributed monthly to the tax levying jurisdictions.

On other taxes, the State Tax Commission is authorized to retain an amount of money equal to the cost of collecting and administering them. The amount retained cannot exceed the amount authorized to be expended by appropriation by the Legislature. Those taxes are:

1. Idaho Travel and Convention Tax (0212) (§67-4718)
2. Illegal Drug Tax (0281) (§63-4209)
3. Boise Auditorium District (0630) (§67-4917C)
4. Petroleum Clean Water Trust Fund (0130) (§41-4909)
5. 2% fee on Prepaid Wireless Services (§31-4809)

Uses: Funds in the Administration Fund are used for defraying the costs of collecting and administering certain trust funds and taxes (§63-3602, §63-3067, §67-4718, §67-4917C, §63-4209, §31-4809, & §41-4909).

22 Agency Funds – Sources and Uses

Administration Services for Transportation (0338-02 Ded)

Sources: The State Tax Commission retains funds from gasoline tax receipts equal to the cost of collecting, administering, and enforcing the Gasoline Tax requirements. However, the amount cannot exceed the amount authorized to be expended by the Legislature (§63-2402 and §63-2405).

From Special Fuels Tax receipts the State Tax Commission retains funds equal to the cost of collecting, administering and enforcing the Special Fuels Tax. However, the amount cannot exceed the amount authorized to be expended by the Legislature (§63-2416 - §63-2417).

Uses: The funds are used to pay the Commission's costs of the Gasoline Tax and Special Fuels Tax Programs (§63-2412 and §63-2418).

ARPA State Fiscal Recovery Fund (0344-30 Fed)

Sources: The American Rescue Plan Act (ARPA) was passed by Congress and signed into law on March 11th, 2021 (Public Law No. 117-2). As part of ARPA, a State Fiscal Recovery Fund (SFRF) was created for all states to address the impacts of the COVID-19 health emergency; Idaho received an SFRF allocation of \$1,094,018,353. Funds can be expended for testing, supplies, premium pay for workers, lost tax revenue, and for sewer, water, or broadband infrastructure projects. These funds must be obligated for expenditure by December 31, 2024, and expended by December 31, 2026. Pursuant to S1204 of 2021, all moneys from this fund are subject to Legislative appropriation.

Uses: In FY2023, the Legislature appropriated \$189,500 to the State Tax Commission for the replacement of information technology equipment.

23 Agency Funds – Sources and Uses

Seminars and Publications (0401-00 Gen)

Sources: Fees, educational purpose sales, tax regulations and printed material, fees for copies, supplies, bad check charges, postage reimbursement, sales of maps, unclaimed property lists, etc. Sales are primarily to the public.

Uses: These funds are used for defraying the costs associated with collecting and administering these funds.

Tax Rebate Fund (0535-00 Ded)

Sources: The Idaho Tax Rebate Fund (§63-3024B) is funded by both the General and Tax Relief Fund funds. A total of \$540,000,000 comes from the General Fund. \$40,000,000 was allocated in S1214 of 2021, and \$500,000,000 was allocated in H0001 of the 2022 Extraordinary Session.

A total of \$478,000,000 comes from the Tax Relief Fund. \$180,000,000 was allocated in H0380 of 2021, and \$298,000,000 was allocated in H0436 of 2022.

Uses: §63-3024B, Idaho Code, requires the Idaho State Tax Commission to distribute income tax rebates to individual income taxpayers who filed 2020 and 2021 Idaho individual income tax returns or form 24.

House Bill 380 of 2021 authorized up to \$220,000,000 for rebates.

House Bill 436 of 2022 authorized up to \$350,000,000 for rebates.

House Bill 1 of the 2022 Extraordinary Session authorized up to \$500,000,000 for rebates.

24 Agency Funds – Sources and Uses

Public Defense Fund (0502-13 Ded)

Sources: Section 57-827(1), I.C., establishes the sources of the fund.

Effective until July 1, 2024: (a) Moneys transferred to the fund pursuant to section 57-811, Idaho Code; (b) Legislative appropriations to the fund; (c) On and after October 1, 2024, any fees or reimbursement ordered pursuant to section 19-854(7) and 19-858, Idaho Code, or distributed pursuant to section 31-3201(16), Idaho Code; (d) Any bequests or donations to the fund; and (e) Interest earned on idle moneys in the fund.

Effective July 1, 2024: (a) Moneys transferred to the fund pursuant to section 57-811, Idaho Code; (b) Legislative appropriations to the fund; (c) On and after October 1, 2024, any fees or reimbursement ordered pursuant to sections 19-6011(7) and 19-6015, Idaho Code, or distributed pursuant to section 31-3201(16), Idaho Code; (d) Any bequests or donations to the fund; and (e) Interest earned on idle moneys in the fund.

Pursuant to Section 57-811(3), Idaho Code: For FY 2024, and each year thereafter, \$36,000,000 from the General Fund to the Public Defense Fund (see H292 and H380 of 2023).

Uses: Section 57-827(2), I.C., establishes the uses of the fund:

Moneys in the fund shall be used as determined by legislative appropriation to fulfill the state's obligation to provide indigent public defense pursuant to the sixth amendment of the United States constitution and section 13, article I of the constitution of the state of Idaho.

Moneys in the fund shall be distributed to the 44 counties in the proportion that the expenditures of each county for indigent defense services during county fiscal year 2021, excluding any state funding or grants, bear to the expenditures of all counties in the state for indigent defense services during county fiscal year 2021, excluding any state funding or grants (see H292 and H380 of 2023).