

**UTAH STATE TAX COMMISSION
MEETING MINUTES**

2:00 p.m., Thursday, February 21, 2013
Commission Room 1000, 210 North 1950 West, Salt Lake City, Utah

Participating:

R. Bruce Johnson - Commission Chair
D'Arcy Dixon Pignanelli - Commissioner
Michael J. Cragun - Commissioner
Robert P. Pero - Commissioner
Barry Conover - Executive Director

Commission Office:

Christa Johnson, Commission Executive Assistant
Charlie Roberts, Public Information Officer

Executive Director's Office:

Scott Smith, Deputy Executive Director
Lynn Solarczyk, Director of Legislation

Note: A list of others present, a copy of related materials and an audio recording of the meeting can be obtained from the Office of the Commission at 801-297-3901.

I. Call to Order

Commission Chair Johnson called the meeting to order at 2:02 p.m.

Commissioner Chair Johnson introduced and welcomed Commissioner Robert P. Pero.

Commissioner Pero stated that this was the third day of his appointment and he is excited to be a part of the Tax Commission.

II. Public Comment (Individuals or groups wishing to address the Commissioners for up to three minutes on matters not related to a pending or reasonably imminent appeal to the Tax Commission)

Commission Chair Johnson noted that no one from the public wished to address the Commissioners.

III. Consider Approving Commission Meeting minutes of Thursday, January 10, 2013, and Open and Closed Special Commission Meeting Minutes of Monday January 28, 2013.

MOTION: Commissioner Dixon moved approval of the Commission Meeting minutes of Thursday, January 10, 2013, and Open and Closed Special Commission Meeting Minutes of Monday January 28, 2013. The motion passed unanimously.

IV. Consider Amending Administrative Rules

- a. R861-1A-26. Procedures for Formal Adjudicative Proceedings Pursuant to Utah Code Ann. Sections 59-1-501 and 63-46b-6 through 63-46b-11
- b. R861-1A-37. Provisions Relating to Disclosure of Commercial Information Pursuant to Utah Code Ann. Section 59-1-404.
- c. R861-1A-46. Procedures for Purchaser Refund Requests Pursuant to Utah Code Ann. Sections 59-1-1410 and 59-12-110
- d. R865-9I-13. Nonresident's Share of Partnership or Limited Liability Company Income Pursuant to Utah Code Ann. Sections 59-10-116, 59-10-117, 59-10-118, and 59-10-303
- e. R884-24P-67. Information Required for Valuation of Low-Income Housing Pursuant to Utah Code Ann. Sections 59-2-102 and 59-2-301.3

Commissioner Cragun explained the amendment to rule R861-1A-26 is in response to the deletion of language that has never been enforced. This issue arose in the November 2, 2012, presentation by the Property Tax Division on confidentiality regulations. The language is broader than intended. With the updates to our email system for sending encrypted messages, the language in question is no longer necessary.

Commissioner Cragun explained the amendment to rule R861-1A-37 is also in response to the November 2, 2012 presentation, where the Property Tax Division questioned how a County Assessor could use confidential information gathered in one hearing and apply it to another appeal. The amendment confirms that confidential information may be used as long as the chain of confidentiality is maintained.

Commissioner Cragun explained the amendment to rule R861-1A that creates a new section (46) regarding to sales tax refunds. As had been mentioned in previous Commission meetings, this rule received public comment that the Division addressed with the interested parties. Dee Talbot, Taxpayer Services Division Director, confirmed that this amendment resolves the concerns presented in the public comments and is acceptable by the Division.

Commissioner Cragun explained the amendment to rule R865-9I-13 deletes language addressed in statute by Senate Bill 143 adopted in the 2012 legislative session.

Commissioner Cragun explained the amendment to rule R884-24P-67 deletes language due to the adoption of House Bill 75 in the 2012 legislative session regarding the valuation of low-income housing that qualifies for tax credits.

MOTION: Commissioner Cragun made a motion to adopt the rule amendment as proposed. The motion passed unanimously.

Mr. Conover said he appreciates all the work Ms. Lynn Solarczyk does on the Administrative Rules.

V. Executive Director's Report

Mr. Conover reported that the interior painting of the building is complete; starting Monday February 25, 2013, DFCM will begin a re-roof project of the Utah State Tax Commission building. The current roofing system is showing its age and is failing in areas.

Mr. Conover thanked those who participated in the recent IRS three-year audit. He noted that there were no significant findings.

Mr. Conover reported that the Governor's Office of Management and Budget has asked that the Tax Commission implement a 'SUCCESS' Framework, a new system to improve throughput operating strategy for the agency.

VI. Commissioners' Reports

Commissioner Dixon, supervisor of the Internal Audit Unit in the Office of the Commission, introduced Mr. Aman Kudiya, Director of Internal Audit and Mr. Andrew Hildebrandt, the newly appointed Information System Auditor in the Internal Audit Unit. Mr. Kudiya outlined Mr. Hildebrandt's qualifications and experience. Mr. Hildebrandt has a Masters in Business with an emphasis in Internal Audit, and an accounting degree. Prior to joining the Tax Commission he served as a Senior Internal Auditor in the private sector where his work took him to several locations in the US, Latin America and Europe.

Commissioner Cragun noted that the Economic and Statistics Unit hired Mr. Eric Cropper, who previously worked in the Property Tax Division.

VII. Closed Session to Discuss Pending or Reasonably Imminent Litigation

MOTION: Commissioner Dixon moved that the Commission meet in closed session to discuss pending or reasonably imminent litigation. The motion passed with Commission Chair Johnson, Commissioner Dixon, Commissioner Cragun and Commissioner Pero all voting aye.

Following the closed session Commission Chair Johnson adjourned the meeting.

Approved on: Thursday, April 11, 2013

Attested: Christa Johnson
Executive Assistant
Utah State Tax Commission