

An Interview With Idaho State Tax Commission Chief Operating Officer John Bernasconi

by John McGown Jr.



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In this installment of *Across State Lines*, McGown interviews John Bernasconi, chief operating officer of the Idaho State Tax Commission.

John McGown Jr.: Your youth was spent in Boise, Idaho. Please describe it, as well as how it impacts your current perspective.

John Bernasconi: I enjoyed growing up in Boise. I graduated from Bishop Kelly High School and Boise State University. This allowed me to foster many friendships, and I feel a great bond to Boise.

McGown: You have a long history with state revenue agencies, eventually returning to Idaho. How has that experience prepared you for being the chief operating officer for the Idaho State Tax Commission?

Bernasconi: I've enjoyed the opportunity to work with revenue agencies in Idaho, Alaska, Oregon, New Mexico, and Maine. It allowed me to gain a perspective on how agencies focused on continual improvement can better serve taxpayers.

McGown: You were the chief of revenue operations for the state of Alaska from 2011-2013. Tell the readers of *Tax Notes State* about that

experience. How has that experience carried over to the Idaho State Tax Commission?

Bernasconi: It was great to live in Juneau and truly experience Alaska. The agency was nimble. With only 125 employees spread between Anchorage and Juneau, we had to respond quickly and efficiently to taxpayer and legislator requests. I believe it helped refine my customer-focused approach to leadership.

McGown: You were appointed as the COO for the Idaho State Tax Commission by the commissioners in June 2020. Please describe the selection process.

Bernasconi: It was a straightforward process: I saw the posting, applied, and was selected. I interviewed with the chairman and HR officer and subsequently the Governor's office, the Division of Human Resources, and the chairman.

McGown: You had no predecessor. It is a brand-new position. The transition was very quick. How were you able to address the transition?

Bernasconi: I have well-established relationships with many of the division administrators, as well as almost four years as administrator of the Revenue Operations Division. We're a strong team, and the transition has been very well supported.

McGown: Briefly explain the various divisions of the Idaho State Tax Commission, with an emphasis on the Revenue Operations Division.

Bernasconi: The Tax Commission has five budgeted divisions: Audit, Collections, Revenue Operations, Management Services, and Property Tax. The Audit and Collections divisions focus on audits and collection activity. The Property Tax Division assists counties in administering property taxes, and Revenue Operations is responsible for processing returns and payments

as well as business registrations for permit-based taxes. It also provides both incoming and outgoing mail service for the Commission. The final division is Management Services. It's responsible for accounting, information technology, and project management.

McGown: Please describe how the Idaho State Tax Commission is organized. Do you report to the chair of the Idaho State Tax Commission or to all four commissioners?

Bernasconi: I report to the chair but regularly consult with all the commissioners for policy-related decisions.

McGown: No more than two commissioners can be from the same political party. Many of the commissioners, both past and present, have a political background. What role does politics play at the Idaho State Tax Commission, especially at the COO level?

Bernasconi: My focus is on the operational needs of the organization. I try to stay out of the politics.

McGown: How does Idaho's COO position compare to the executive director model used by many state revenue agencies?

Bernasconi: It's substantially the same.

McGown: One of the challenges of taxpayers and their representatives is the internal appeals process. One of the goals is establishing independence from the Audit staff. Do you have any concerns?

Bernasconi: Separating the Appeals staff from the Audit staff has helped more clearly define that necessary separation. I don't have any concerns with the independence of the Appeals staff.

McGown: In what ways do you think the Tax Commission has improved since your appointment some three months ago?

Bernasconi: Feedback from the division administrators indicates support for the single point of operational control. Additionally, we've implemented organizational changes designed to increase efficiency and productivity.

McGown: What changes do you see in the future? You might describe the Idaho State Tax Commission's strategic plan.

Bernasconi: The strategic planning process is driven from within the agency. Our work and how it evolves over time is driven by our development of goals, critical success factors, and

action items focused on delivering on our mission, vision, and values. An example is the creation of a weekly training session for our Taxpayer Services representatives in the agency's call center. The goal is to increase staff knowledge and reduce the chance of customers receiving incomplete or inaccurate information. Another example is an ongoing effort to "plain talk" letters to taxpayers from our Audit, Collections, and other divisions in order to improve their clarity, tone, and uniformity.

McGown: For a small state, the Idaho State Tax Commission has a large national presence. Rich Jackson was the past chair of the Multistate Tax Commission. Ken Roberts served on the executive committee and had a significant role with the Federation of Tax Administrators as second vice president. Would you describe the different roles of the two organizations?

Bernasconi: The MTC is designed to bring efficiency and uniformity to tax administration across jurisdictions while the Federation of Tax Administrators facilitates sharing of best practices, data, and information across taxing agencies. The MTC serves as a clearinghouse for multistate audits that help taxpayers by applying uniform audit standards and adding the ability to resolve multiple audits much more quickly than having independent audits done by each state. The FTA facilitates educational meetings designed to share best practices with tax administrators. We actively participate in various listservs designed to share information and ask questions on such issues as new research findings, technology improvements, and legal developments.

McGown: Focusing on the Federation of Tax Administrators, where do you see it five years from now?

Bernasconi: I hope it will continue to expand the use of technology to share information, such as virtual meetings and collaborative digital workspaces.

McGown: Turning back to Idaho, what are the biggest challenges for the Idaho State Tax Commission? How is the Commission addressing these challenges?

Bernasconi: We like to refer to challenges as opportunities. I believe we'll need to embrace technology in the same way as the FTA. The

question should always be, “How can we deliver consistent, timely information to our taxpayers with the minimum of contact?” We’re well positioned to leverage these and many other opportunities.

McGown: Each of the four commissioners has areas of oversight. The areas include (1) business and multistate income taxes, especially large entities operating both in and out of Idaho; (2) individual income tax; (3) sales and use tax; and (4) property tax. How do you support the various areas?

Bernasconi: My role is to build on the operational efficiency of the agency while the commissioners focus on the appeals function and policy guidance.

McGown: Voluntary compliance is a major focus of any taxing authority. What has the Commission done to increase voluntary compliance? What inducements are there to encourage noncompliant taxpayers to start complying? Have you seen any disturbing trends?

Bernasconi: Voluntary compliance increases when we have better communication. We’re focused on increasing our staff’s ability to deliver timely and relevant information in the clearest and most efficient way possible. Thankfully, I haven’t seen any disturbing trends.

McGown: The *Wayfair* decision provides a significant tool for state tax agencies to reach out-of-state sellers. Idaho enacted legislation effective June 1, 2019, requiring out-of-state retailers whose sales in Idaho exceed \$100,000 to get seller’s permits and collect Idaho sales tax on sales to Idaho customers. What has been the tax commission’s experience with the new law?

Bernasconi: The Commission believes there’s broad compliance with the law. We work diligently to contact entities we believe should register and haven’t.

McGown: There was legislative resistance to reorganizing the Tax Commission. In fact, the Idaho Legislature did not approve a reorganization. The creation of COO might be viewed by some in the Legislature as a “back door” move. Do you have any concerns about a legislative backlash?



John Bernasconi

Bernasconi: I’m focused on operational activities that improve our customer service and the effectiveness and efficiency of the agency. The chairman can focus on the potential political challenges.

McGown: You are a professional photographer. Have you ever taken “tax photographs” as such?

Bernasconi: I have taken a few pictures at employee events, but they aren’t “tax photographs.” I haven’t taken any pictures with tax forms or instructions, but I’ll try to get some taken soon.

McGown: I appreciate your insight. Are there any final thoughts you would like to pass along to *Tax Notes State* readers?

Bernasconi: Thank you for the time. I appreciate the chance to share what’s going on at the Idaho State Tax Commission. We’re a team of great people focused on serving our customers fairly, professionally, and courteously. ■