

*Oklahoma Tax Commission Regular Meeting Minutes
August 14, 2018*

1. The regularly scheduled meeting of the Oklahoma Tax Commission convened at 1:30 p.m., on the above date, in the Oklahoma City office. Notice of said meeting and the agenda therefor were posted in prominent public view at the Commission's principal office in Oklahoma City from and after 1:30 p.m., on August 13, 2018.

Chairman Burrage called the meeting to order. Other members present were Vice-Chairman Jolley and Secretary-Member Kemp. Also present was Lee Pugh, General Counsel.

2. Vice-Chairman Jolley moved to approve the minutes of the regular commission meeting of July 31, 2018. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye. The motion was declared adopted.

Chairman Burrage moved to approve the minutes of the regular commission meeting of August 7, 2018. Secretary-Member Kemp seconded the motion. Chairman, aye; Secretary-Member, aye. The motion was declared adopted.

3. Chairman Burrage moved that the Commission approve the personnel transactions 3062 through 3065. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, aye, Secretary-Member, aye. The motion was declared adopted.
4. Chairman Burrage moved that the Commission resolve into Executive Session for the purpose of discussing confidential taxpayer matters and proceedings. Vice-Chairman Jolley seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.

An executive session was held, after which the Commission returned to open meeting.

5. Recommendations from Executive Session:
 - 1) Secretary-Member Kemp moved that the Commission grant a settlement proposal; waiving penalty and interest, upon payment of tax, in Case No. P-18-032-H. Vice-Chairman Jolley seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
 - 2) Secretary-Member Kemp moved that the Commission deny a settlement proposal; grant a waiver of penalty and remaining interest, upon withdrawal of the protest, and payment of tax and remaining one-half interest, as recommended by the Division, in Case No. P-17-105-H. Chairman Burrage

seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.

- 3) Secretary-Member Kemp moved that the Commission deny the settlement proposal; grant a waiver of remaining one-half penalty and one-half interest, upon withdrawal of the protest and payment of tax, one-half penalty and one-half interest, as recommended by the Division, in Case No. P-17-201-H. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 4) Chairman Burrage moved that the Commission grant a waiver of penalty and interest, in Case No. P-17-069-H. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 5) Secretary-Member Kemp moved that the Commission grant taxpayer's request for reconsideration of the Commission action taken in the matter on 6/26/2018, waiving remaining penalty and interest, upon payment of \$1000.00 interest, warrant fees, in Case No. 18-923963. Vice-Chairman Jolley seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 6) Secretary-Member Kemp moved that the Commission grant a partial release, upon payment of the principal tax amount and verification of 2015 income tax filing, in Case No. PR-18-067. Vice-Chairman Jolley seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 7) Secretary-Member Kemp moved that the Commission grant taxpayer's request for reconsideration of the Commission action taken in this matter on 8/7/18, granting a partial release, upon payment of the principal tax due, in Case No. PR-18-072. Vice-Chairman Jolley seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 8) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining one-half interest, upon payment of one-half interest, delinquent penalty, warrant penalty, filing fees and applicable collection fees, in Case No. 18-967853. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 9) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$2576.24, upon payment of three-fourths delinquent interest, under estimation interest, delinquent penalty, tax warrant penalty and filing fees, as recommended by the Division, in Case No. 18-1103001.

Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.

- 10) Vice-Chairman Jolley moved that the Commission deny taxpayer's request for reconsideration of the Commission action taken in this matter on 7/31/18, in Case No. PR-18-065. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 11) Vice-Chairman Jolley moved that the Commission grant a partial release, as recommended by the Division, in Case No. PR-18-073. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 12) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining delinquent interest in the amount of \$441.14, upon payment of three-fourths delinquent interest, under estimation interest, delinquent penalty, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 925977. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 13) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$1290.36, upon payment of one-half interest, delinquent penalty, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-945631. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 14) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining delinquent interest in the amount of \$1211.80, upon payment of three-fourths delinquent interest, under estimation interest, delinquent penalty, tax warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-972861. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 15) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$988.70, upon payment of three-fourths interest, delinquent penalty, tax warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-973627. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.

- 16) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining delinquent interest in the amount of \$971.62, upon payment of three-fourths delinquent interest, under estimation interest, delinquent penalty, tax warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-994456. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 17) Secretary-Member Kemp moved that the Commission grant a waiver of delinquent penalty in the amount of \$13,442.42, as recommended by the Division, in Case No. 18-1007589. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 18) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$1910.61, upon payment of one-half interest, delinquent penalty, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-1008674. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 19) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$22,801.42, upon payment of one-half interest, under estimation interest and delinquent penalty, as recommended by the Division, in Case No. 18-1011464. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 20) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$2190.21, upon payment of three-fourths delinquent interest, under estimation interest, delinquent penalty, tax warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-1024446. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 21) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$1307.00, upon payment of one-half interest, delinquent penalty, tax warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-1033464. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 22) Secretary-Member Kemp moved that the Commission grant a waiver of remaining interest in the amount of \$1985.19, as recommended by the Division, in Case No. 18-1038271. Chairman Burrage seconded the motion. Chairman,

aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.

- 23) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining balances, upon payment of \$3000.00, in Case No. 18-1043368. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 24) Secretary-Member Kemp moved that the Commission grant a waiver of remaining delinquent interest in the amount of \$1015.89, upon payment of one-half delinquent interest, under estimation interest, delinquent penalty, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-1044320. Vice-Chairman Jolley seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 25) Secretary-Member Kemp moved that the Commission grant a waiver of penalty and interest in the amount of \$2387.15, as recommended by the Division, in Case No. 18-1050366. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 26) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$1361.72, upon payment of one-half interest, delinquent penalty and applicable collection fees, as recommended by the Division, in Case No. 18-1052286. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 27) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest, upon payment of three-fourths interest, delinquent penalty, under estimation interest and applicable collection fees, in Case No. 18-1062133. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 28) Vice-Chairman Jolley moved that the Commission grant a waiver of delinquent penalty and remaining interest in the amount of \$5229.29, upon payment of one-half interest, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-1089013. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
- 29) Vice-Chairman Jolley moved that the Commission grant a waiver of delinquent penalty and one-half interest in the amount of \$6551.00, as recommended by the Division, in Case No. 18-969775. Chairman Burrage seconded the motion.


Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.


- 30) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$4735.45, upon payment of one-half interest, delinquent penalty, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-997594. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
 - 31) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$1897.00, upon payment of one-half interest, delinquent penalty, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-1016609. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
 - 32) Vice-Chairman Jolley moved that the Commission grant a waiver of remaining interest in the amount of \$439.22, upon payment of three-fourths interest, delinquent penalty, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-1035364. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
 - 33) Vice-Chairman Jolley moved that the Commission grant a waiver of delinquent penalty and remaining interest in the amount of \$3022.20, upon payment of one-half interest, warrant penalty, filing fees and applicable collection fees, as recommended by the Division, in Case No. 18-1041510. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
 - 34) Vice-Chairman Jolley moved that the Commission adopt the Findings, Conclusions and Recommendations of the Administrative Law Judge, as corrected by errata sheet dated 8/6/2018, in Case No. SJ-18-007-K. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
6. Chairman Burrage moved that the Commission approve the notification to the Secretary of Finance, Administration and Information Technology of proposed agency expenses. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, recuse; Secretary-Member, aye. The motion was declared adopted.
 7. Tony Mastin, Executive Director presented facts and circumstances surrounding the Motor Vehicle Divisions recommendation to him regarding the tag agent

appointment of Ms. Ashley Abshire and his recommendation to the commissioners in the form of a written Interoffice Memo dated August 13, 2018 of her appointment. After which, Vice-Chairman Jolley moved that the Commission approve the tag agent appointment for Ms. Ashley Abshire, replacing Ms. Amanda Bosler, El Reno, Oklahoma, subject to qualifying under the law and requesting the Interoffice Memo dated August 13, 2018, from the Executive Director, Tony Mastin to the commissioners, subject "El Reno Tag Agency Appointment" be included in the minutes of the commission meeting of August 14, 2018. Secretary-Member Kemp seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.

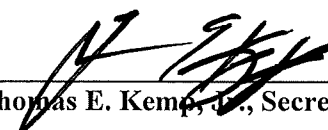
8. Secretary-Member Kemp moved that the Commission approve the tag agent appointment of Ms. Katherine Barnes, replacing Mr. Jim Barnes, Tulsa, Oklahoma, subject to qualifying under the law. Chairman Burrage seconded the motion. Chairman, aye; Vice-Chairman, aye; Secretary-Member, aye. The motion was declared adopted.
9. The discussion and review of the agency Strategic Plan was continued at the request of the Commission.
10. There was no report from the Tax Policy and Research Division.
11. There were no other division reports.
12. There was no new business.
13. The meeting was adjourned.

APPROVED:


Assistant Secretary


Steve Burrage, Chairman

Clark Jolley, Vice-Chairman


Thomas E. Kemp, Secretary-Member

INTEROFFICE MEMORANDUM

TO: COMMISSIONERS
FROM: TONY MASTIN
SUBJECT: EL RENO TAG AGENCY APPOINTMENT
DATE: AUGUST 13, 2018
CC: ERNEST SHORT

This memorandum was written in response to the allegations regarding my recommendation for a new motor license agent in El Reno and an explanation of my actions regarding the recommendation.

The Motor Vehicle Division conducted interviews of all 21 applicants for a tag agency in El Reno. After completion of the interviews and background checks, the Division sent me a recommendation to appoint Ryan Steinbruck. I reviewed the application and identified a couple of concerns.

My first concern was that Mr. Steinbruck's father-in-law is a tag agent in Mustang. I had already instructed the division that I would not accept a recommendation for the spouse of another existing agent. The statutes provide that a motor license agent is permitted to only operate a motor license agency at a single location and is prohibited from operating subagencies or branch agencies.

My second concern was that Mr. Steinbruck had applied for the appointment in conjunction with another individual, Miranda Davis. Apparently both were applying for the appointment separately but if one received the appointment they intended to operate the agency as a partnership.

In recent years, we have experienced agents questioning the accuracy of the 1099s issued based on the fees that the agent received. I recently experienced an agent claiming that the earnings were not hers but that of a corporation. As you know, the Commission only appoints individuals as motor license agents and not any other legal entity and a contract is signed with the appointee.

Also, some agents have blamed employees or office managers in their offices for problems that have arisen. I was concerned about an appointee not taking full responsibility for all issues that may arise in an agency.

I met with the Division Director to discuss these concerns. She explained to me that after conducting all her interviews that she had identified 5 top candidates. The five top candidates were Mr. Steinbruck, Ashley Abshire, Susan Schwarz, Patricia Hobson, and Ms. Davis. The Director asked a committee in her office to review the applications from these five and make a recommendation. The committee recommended Mr.

Steinbruck. Based on that and despite my misgivings, I asked that Mr. Steinbruck be placed on the agenda.

After the agenda came out, Chairman Burrage told me that he had concerns with the recommendation and that his concerns were identical to mine (relationship to an existing agent and the proposal to operate the agency as a partnership). Chairman Burrage stated that if I was confident in my recommendation that he would not object but that he did not believe that he could vote in favor to appoint Mr. Steinbruck.

Having my misgivings confirmed by the Chairman, I asked him to remove the recommendation from the agenda. I told him that I would place the divisions "next best candidate" on the agenda the following week. I did not identify the next candidate to the Chairman. At the next Commission meeting (August 7, 2018), Ms. Abshire was placed on the agenda for the Commission's consideration.

Mr. Steinbruck called my office to inquire why he was not appointed by the Commission. I returned his call and explained that the Commission did not reject him but that I had asked that he be removed from consideration. I explained my concerns about his intent to operate the agency as a partnership. He explained that he wanted someone he could trust to run the agency when he was not present. I stated that I understood that, but based on recent experiences that I was not comfortable in recommending him. He stated that he did not agree with my decision but that he understood.

Since that call, Mr. Steinbruck sent an email attacking my veracity and accusing the Chairman of unduly influencing the appointment. I resent his accusations and absolutely deny his fabrication of events leading up to the recommendation.

At no time, did Chairman Burrage instruct me or attempt to influence me to recommend a specific individual for appointment. Chairman Burrage simply voiced his concerns as any Commissioner has a right and obligation to do.