



**INDIANA
DEPARTMENT OF REVENUE**

ANNUAL REPORT

October 1, 1997

“Committed to public trust and service”

(BACK OF ARTWORK)

ABOUT THE COVER

The cover of this year's annual report was first used as the cover of the 1996 Individual Income Tax booklet. This same artwork was created by Garry Mitchell, an Indianapolis artist, in collaboration with the Indiana Department of Revenue. The artwork depicts a sampling of well-known Indiana symbols and attractions.

Garry Mitchell is a former employee of the Department and is a current employee at the State Supreme Court. He has created a comic strip and is hopeful of having it published. He is an alumnus of Ben Davis High School in Indianapolis and an active volunteer with the school's radio program.

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LETTER FROM THE COMMISSIONER

October 1, 1997

The Honorable Frank O'Bannon
Governor, State of Indiana
State House, Room 206
Indianapolis, Indiana 46204

Dear Governor O'Bannon,

It is my pleasure to present to you a copy of the Indiana Department of Revenue's eighth annual report. The report provides you and the Indiana Legislative Council with a summary of the Department's accomplishments, as well as meeting all legal requirements set forth by the Indiana Taxpayer Bill of Rights.

As Commissioner, I attest that the Department is in compliance with IC 6-8.1-3-2.5 that states the Department can neither include the amount of revenue collected or tax liabilities assessed in the evaluation of an employee; nor impose or suggest production quotas or goals for employees based on the number of cases closed.

Sincerely,

Kenneth L. Miller
Commissioner

THE ORGANIZATION

Mission Statement

The Indiana Department of Revenue will administer the tax laws of the State of Indiana in an equitable and courteous manner to promote the highest degree of public trust and voluntary compliance.

Motto

“Committed to public trust and service”

Department Divisions

Administration

Sections: Commissioner, Deputy Commissioner, Legal Counsel to the Commissioner, Director of Operations, Taxpayer Advocate

The Indiana Department of Revenue operates under the direction of Commissioner Kenneth L. Miller, who was first appointed by Governor Evan Bayh in 1992, and reappointed in 1997 by Governor Frank O'Bannon. In addition to Commissioner Miller, four main components in administration oversee the entire agency. These four remaining administration members are: Deputy Commissioner, Larry McKee; Legal Counsel, Lettice Otero; Director of Operations, Robert Scott; and The Taxpayer Advocate, Sally Sawyer, who oversees the Problem Resolution Program.

Audit

Sections: Audit Billing/Inquiries, Audit Review, Audit Selection, Communications/Training, Computer Systems, Investigations, Operations Manager, Travel and Supplies, and Special Tax Liaison.

This division promotes voluntary compliance throughout the state and the country in all Indiana tax areas through quality examinations. This division is also responsible for the 11 district offices located throughout Indiana.

Collection

Sections: Correspondence, Billings/Agent, Phone Pursuit, Title/Licensing.

This division provides centralized management in the collection of delinquent tax liabilities.

Compliance

Sections: Administrative, Aeronautics, Alcohol Beverage Tax, Bankruptcy, Charity Gaming/Not-for-Profit, Cigarette Tax and Other Tobacco Products, Corporate Income Tax, Individual Income Tax, Responsible Officer, Strategic Compliance, Utility Refund, Withholding Tax.

This division works with specific annual compliance projects, especially in the area of Individual Income Tax. In addition, the Corporation Section processes and examines all corporate and partnership filings. The Not-For-Profit Section provides all information for filing and registration of not-for-profit organizations and works closely with the Charity Gaming Section. The Bankruptcy Section files the necessary claims with the courts and collects on those claims. The Strategic Compliance Section works to develop projects and identify non-filing, noncomplying taxpayers for corporate, individual and sales/withholding taxes.

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Controller

Sections: Budget Analyst, Business Administration, Accounting/Counties, Electronic Funds Transfer (EFT).

This division handles budgeting and purchasing for the Department under the guidance of the Controller. Other responsibilities include depositing of tax revenues, preparing appropriate reports and conducting all related banking functions. The Controller's Office also administers those taxes collected by the state and returned to the county of origin.

Criminal Investigation

Sections: Case and Data Management, Charity Gaming Enforcement, Controlled Substance Excise Tax, Motor Fuel Tax Evasion, Motor Vehicle Excise Tax, Operations & Investigations, Internal Affairs.

This division conducts investigations of alleged violations of the Indiana tax laws and secures necessary evidence to determine civil liabilities or to recommend criminal prosecutions. This division also is responsible for the administration of Controlled Substance Excise Tax, the compliance program for the Motor Vehicle Excise Tax, Employment Agency Licensing, and Charity Gaming enforcement.

Information Technology

Sections: Administrative Services, Operations, Systems & Programming, Technical Support.

This division supports the Department's efforts and goals by creating and administering computerized tax processing systems for the other divisions of the Department. This division operates with a goal of providing tax processing systems that are increasingly easier to use; providing better service to the taxpayer and constantly improving efficiency; and maintaining secure and confidential records.

Legal

Sections: Appeals, Fiduciary Income Tax, Inheritance Tax, Protest Review.

This division is formerly known as "Appeals and Inheritance Tax." This division contains most of the Department's legal staff which oversees the appeals process whether it be an objection to a billing, ruling or audit. This division also contains the Inheritance Tax Section which collects tax on all transfers of property resulting from the death of an Indiana resident or a nonresident decedent with real or tangible property located in Indiana.

Personnel

Sections: Training, Administration, Affirmative Action, Wellness, Payroll/Benefits.

This division administers all "human resource" aspects within the Department including employee & supervisor training, wellness training, testing, recruiting and maintenance of all employee records.

Problem Resolution Program

Sections: Taxpayer Advocate and staff.

The Problem Resolution Program (PRP), under the direction of the Taxpayer Advocate, is designed to address complex and special tax problems. The primary goal is to correct exceptional tax problems. The secondary goal is to identify and restructure departmental processes and procedures which may have created or contributed to legitimate problems. A taxpayer's problem is considered exceptional if attempts at resolution through normal departmental channels have been unsuccessful; or an ongoing, continual problem exists with the filing of tax returns; or continual assessments result from systematic processing problems.

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Public Affairs

Sections: Media Inquiries & Publicity, Form Development & Revisions, Education, Practitioner Services, Tax Preparation Software, Indiana TaxFax, Internet.

This division handles all media inquiries; internal and external education; and tax form revision. This division also performs video production, relating to taxpayer education, for the Department; and marketing of departmental programs.

Quality Assurance

Sections: Quality Systems, Quality Improvement.

This division oversees the development, testing and maintenance of the Individual and Corporate Tax Systems to ensure accuracy. At the same time, data and information-gathering through customer satisfaction surveys, quality improvement teams and system statistics are used to identify areas for agency improvement.

Returns Processing

Sections: A/R Payments, Administration, Batch/Edit, Central Mailroom, Check Processing, Computer Support, Data Control, Data Entry, Forms Processing, Mail Opening, Print Shop, Records Management, System Services, Systems Training, Unidentified Payments.

This division is located at the Park Fletcher Business Center in Indianapolis. This division is responsible for the processing, storage and retrieval of tax documents.

Special Tax

Sections: Environmental Taxes, Audit Support, Mail Services, Records, Authority & Insurance, Gasoline, Special Fuels, Registration, Bonds & Licensing, Refunds, Motor Carrier Services.

This division is assigned with administering the taxes generally outside the realm of individual and corporate taxes, such as fuel and environmental taxes, as well as all motor carrier services. In addition, the regulation of interstate and intrastate trucking, the International Fuel Tax Agreement, the International Registration Plan, and Oversized/Overweight permits are administered within this division.

Tax Policy

Sections: Policy Research, Fiscal Analysis, Technical Tax Research, Legislative Affairs.

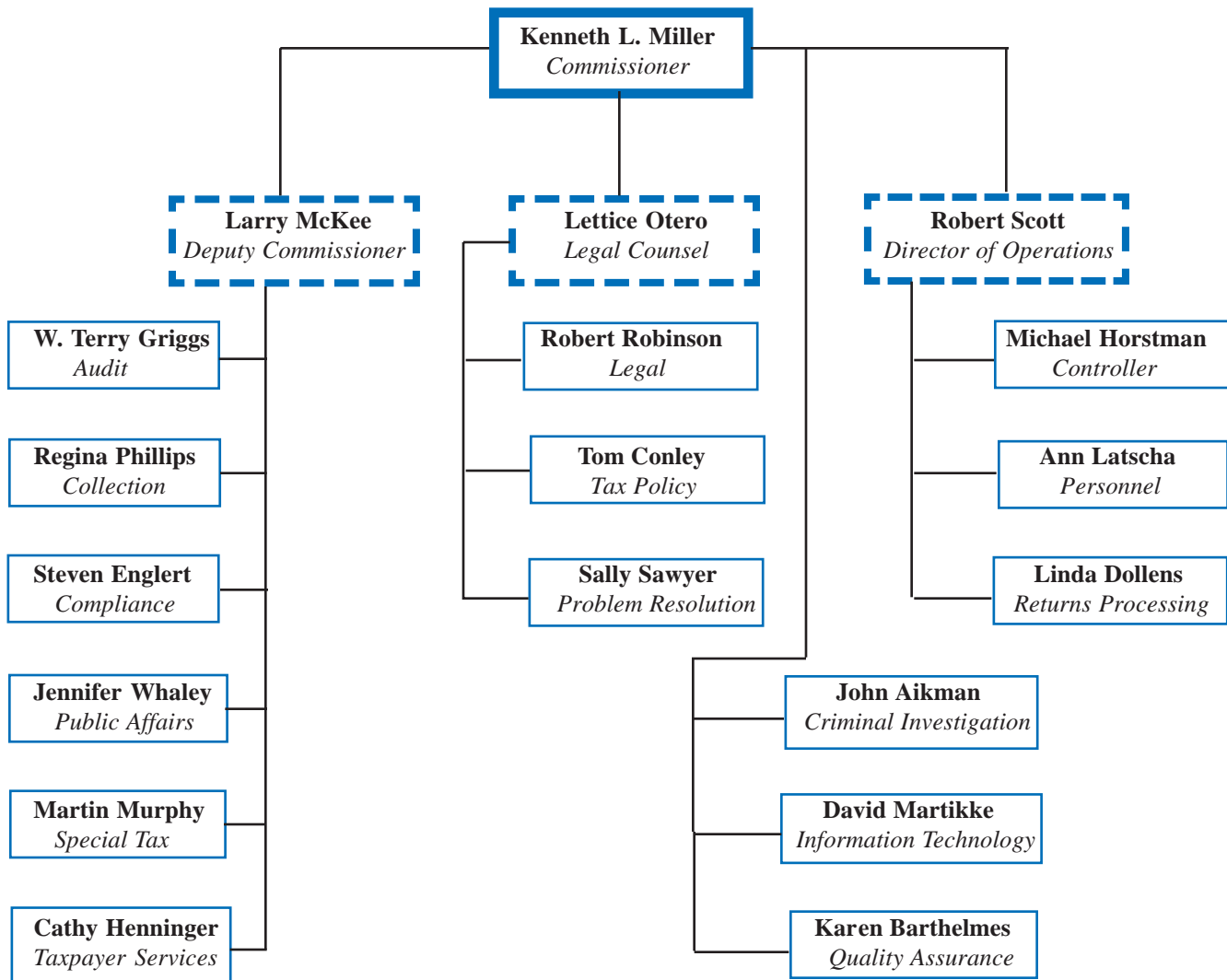
This division primarily works with legislative efforts, serving as a legislative liaison for the General Assembly. This division also is responsible for all voluntary compliance agreements that are completed with previously unregistered taxpayers. The division issues rulings, policy directives and some information bulletins, as well as helps to determine the correct interpretation of the law. The division provides tax statistics to both federal and state agencies as well as to other states.

Taxpayer Services

Sections: Assistance Center, Correspondence, PC Support, Research & Support, Telephone Contact, Automated Information Line.

This division provides free-of-charge walk-in and telephone assistance to Indiana taxpayers. This division combines many direct contact functions generally involving three major tax types: individual income tax, sales, and withholding taxes.

ORGANIZATIONAL STRUCTURE



DEPARTMENTAL EMPLOYEE # BREAKDOWN

- Audit - 314
- Collection - 55
- Compliance - 79
- Controller - 30
- Criminal Investigation - 41
- Information Technology - 73
- Legal - 30
- Office of Commissioner - 10
- Personnel - 16
- Problem Resolution - 7
- Public Affairs - 12
- Quality Assurance - 4
- Returns Processing Center - 165
- Special Tax - 104
- Tax Policy - 9
- Taxpayer Services - 79

DISTRICT OFFICES

INDIANAPOLIS HEADQUARTERS

Indiana Government Center North
100 S. Senate Avenue, Room N105
Indianapolis, IN 46204
317/232-2240

Bloomington District Office
410 Landmark Avenue
Bloomington, IN 47403
812/339-1119

Clarksville District Office
1446 Horn Street
Clarksville, IN 47129
812/282-7729

Columbus District Office
430 Second Street, Suite A
Columbus, IN 47201
812/376-3049

Evansville District Office
500 S. Green River Road
Goodwill Building, Suite 202
Evansville, IN 47715
812/479-9261

*Fort Wayne District Office**
5800 Fairfield Avenue
Suite 200
Fort Wayne, IN 46807
219/456-3476

Kokomo District Office
117 East Superior Street
Kokomo, IN 46901
765/457-0525

Lafayette District Office
100 Executive Drive, Suite B
Lafayette, IN 47905
765/448-6626

Merrillville District Office
8368 Louisiana Avenue, Suite A
Merrillville, IN 46410
219/769-4267

Muncie District Office
3640 N. Briarwood Lane, Suite 5
Muncie, IN 47304
765/289-6196

South Bend District Office
1025 Widener Lane, Suite B
South Bend, IN 46614
219/291-8270

Terre Haute District Office
30 N. 8th Street, 3rd Floor
Terre Haute, IN 47807
812/235-6046

Scheduled to relocate by end of year

“A YEAR IN REVIEW: FISCAL YEAR 1997”

July 1, 1996 - June 30, 1997

Governor O’Bannon Eases Tax Filing Deadline in Flood Counties

During the Spring of 1997, the Ohio River flooded and caused catastrophic hardship for residents of 13 Southern Indiana counties. In response to the flooding, Governor Frank O’Bannon signed an executive order extending tax filing deadlines, including the April 15 income tax deadline, to July 15. As a result, the Indiana Department of Revenue granted an automatic extension of time to file to taxpayers in the 13 designated counties. All penalties that may have accrued between April 15 and July 15 for residents of the designated counties were waived by the Department. The counties were: Clark, Crawford, Dearborn, Floyd, Harrison, Jefferson, Ohio, Perry, Posey, Spencer, Switzerland, Vanderburgh, and Warrick.

Department Responds to Year 2000 Compliancy and Implements New Returns Processing System Three Years Before Schedule

Year 2000 Compliancy, also known as the Millennium Bug, refers to a programming glitch in many large, powerful computers which results in these computers having trouble understanding dates. Currently, computer systems operate by only allowing two digits to represent years. When the year 2000 arrives, the old system will only recognize the zeros, which numerically come before all of the true previous years, thus causing the system to shut down.

“Year 2000 compliancy issues are being addressed by all other states’ revenue agencies at this time as well as many private sector organizations like banks and financial institutions.

The Indiana Department of Revenue was proactive in dealing with the Millennium Bug and implemented a new Returns Processing System (RPS) in January 1997. The system not only will be equipped to function in the year 2000 and beyond, but it also replaced a 30-year old system with newer technology.

The new RPS comes with many new advantages for processing Indiana taxpayers’ returns and refunds. A few of these new system highlights include: the ability to maintain prudent fiscal control while ensuring the timely deposits of monies; the ability to review and maintain accurate taxpayer information; ability to respond to taxpayers’ inquiries regarding their filing status while making changes in “real time”; ability to identify potential taxpayers for noncompliance; ability to capture and maintain predetermined statistics; ability to enhance effectiveness on an on-going basis to increase revenues; decreasing costs and minimum processing time; and the ability to ensure that the system was easy to use for departmental staff.

Fiscal year 1997 served as the “breaking ground” year for RPS at the Indiana Department of Revenue. In the coming years, the Department will continue to improve and enhance the system in order to stay on the cutting edge in technology and customer satisfaction. As we strive to stay “committed to public trust and service”, the new RPS is just one way we are living up to our agency motto.

Department Holds Focus Group on Form Revision

In the summer of 1997, the Department hosted a focus group of Indiana taxpayers who met to discuss issues involving the 1997 form revision. Since major changes were made to the forms in 1996, the first major changes since 1989, we knew we would need some fine tuning for 1997 forms. Based on taxpayer and employee suggestions, new legislation, and programming requirements, draft forms were prepared for the focus group to see if we could make the forms more user friendly. The consensus was yes.

The 1996 forms were designed for future scanning. The biggest change involves the use of dropout ink which a computer cannot see. Entries are put in boxes to allow each character to be separate and distinct so the computer can distinguish them. The boxes are printed with this dropout ink so that the computer reads only the taxpayers entries.

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For 1997 tax forms, entry boxes are bigger and instructions for how to complete them have been expanded. Labels, envelopes, and perforations in the tax booklets also were discussed during the focus group. Issues still to be reviewed include: color of dropout ink, negative indicators, Schedule CT-40, length of authorization statement on form, and donations to the Department of Natural Resources' Nongame and Endangered Wildlife Fund.

Seventeen people were invited to attend the focus group. They were selected from those taxpayers who wrote to the Department with form suggestions during the year. The group represented a cross section of Indiana taxpayers coming from different regions of the state and representing various age groups and filing situations.

Department Links Up to Internet Site and E-mail

The Department joined the Internet in July 1996 as part of the Access Indiana Information Network. The network houses world wide web pages for many state agencies. Our site contains downloadable tax forms, information bulletins, tax policy directives and departmental notices. Also on the site is the Department's PC-Filing Program which allows taxpayers to file their IT-40 returns from their home computers via modem.

During the filing season, the Department's site was the most popular on the Access Indiana Network with **422,231** hits; the month of April was, by far, the Department's most popular month bringing in 94,349 hits alone.

The Department started answering taxpayer e-mail in January of 1997. By March we had compiled FAQ (Frequently Asked Questions) lists to create the Virtual Help Desk on-line to assist taxpayers faster and more efficiently.

Department's Pilot PC-Filing Program Deemed a Success!

New in January 1997 was the PC-Filing Program that allowed taxpayers to file form IT-40 from their home computer via modem. The pilot program allowed a user to download a data entry program from the Department's website (www.ai.org/dor) and install on their home computer. Information from their completed return was then entered into the program which performed mathematical checks and tolerances. When the information was verified it could be transmitted to Nelco, Inc. via modem, who in turn acknowledged receipt of the information. Nelco charged a \$4.75 handling fee per transmission. The Department retrieved information from Nelco for processing as an electronic return. We received 882 PC-Filed returns this past tax season.

Department Accepts *Discover* Credit Card Payments

For the 1997 filing season, the Department accepted tax payments made with a Discover Credit Card. Payments were accepted for both electronic and paper individual income tax returns. As of June 30, 1997, the Department had accepted 3,252 payments totaling \$1,401,067.01.

The option to make credit card payments is provided to taxpayers as a service to make payment easier for them. At this time, only Discover card is accepted because they allow the Department to pass along the processing cost to the individual taxpayer using the service rather than passing it along to all taxpayers.

Electronic Filing Participation Continues To Increase

This year marked the fourth year the Indiana Department of Revenue worked in conjunction with the Internal Revenue Service (IRS) to accept electronic tax returns as part of the Federal/State Electronic Filing Program.

Filing electronically, taxpayers benefit from the quick and accurate processing of their returns, as well as receive accurate refunds quickly. Other benefits include the return acknowledgment at both the Federal and State levels to ensure that a return has been filed.

In 1996, Indiana received 261,803 returns filed electronically, an increase of 23% from the previous year. Among the states participating in the Federal/State Electronic Filing Program, Indiana is ranked fifth following North Carolina, #1; Georgia, #2; New York, #3; and South Carolina, #4. Indiana's fifth place ranking is quite impressive considering the fact that Indiana has the lowest average refund dollar amount (\$104) out of all other states involved in the program.

Department Initiates An Electronic Data Interchange (EDI) Program

At the close of fiscal year 1997, the Department had implemented the Electronic Data Interchange (EDI) Program. The activation of the EDI Program allows taxpayers (predominantly monthly business taxpayers) to file returns and make payments electronically at the same time. The initial phase of the EDI Program is focused on retail sales or use tax and/or withholding tax returns and payments. In the future, the addition of more tax types will be accomplished with relative ease. Further, the electronic commerce file management architecture will lend itself to data interchanges not specifically related to tax returns, and could be expanded to manage and account for data flows between state, city, county and private sector entities.

Taxpayers may utilize the EDI Program to file tax returns and/or remit payments for certain business taxes electronically. Specifically, taxpayers subject to retail sales or use tax and/or state and county withholding taxes can meet filing and payment obligations through the use of a personal computer. In order to take advantage of the EDI Program, taxpayers must register to be in the program and to use the in-house PC software (IN-S.I.T.E.) which will interface with the taxpayer's personal computer. Once registered, taxpayers will receive the IN-S.I.T.E. PC software from the Department at no cost. The Electronic Data Interchange of tax returns and payment replaces the paper check and coupon filing.

Voice Response Unit and On-Line Processing for Oversized/Overweight Permit Issuance

A new 24-hour automated Voice Response Unit (VRU) was developed for the automatic issuance of Michigan Train Oversized/Overweight Permits. The system was set up in January of this year with two companies as pilots. At the end of the 1997 fiscal year, there were 77 company numbers authorized to use the system. With the implementation of the VRU, the permitting companies have benefited by being able to receive permits in a matter of minutes as compared to an average of two hours before the VRU. Also implemented this fiscal year was the ability to allow four different permitting services on-line access to input permit application information. Our Motor Carrier Services staff need only review the information on-line and approve the issuance of the permits. Both of these programs have enhanced the services we are able to provide.

International Registration Plan Saves State Money By Replacing "Plates" with *Stickers*

During the 1996 International Registration Plan (IRP) renewal year, the Department's Motor Carrier Services Section (Special Tax Division) implemented the issuance of IRP "stickers" in lieu of IRP "plates". The concept is similar to the stickers issued by the Bureau of Motor Vehicles for individual passenger vehicles. The decision to implement this procedure for IRP vehicles results in an annual savings of \$300,000. The savings is attributed to the cost of producing the stickers at \$0.34 cents each versus the plates that cost \$2.40 each, as well as the reduced cost of postage and shipping costs as the sticker weight and size is minimal compared to the plates.

Department Holds First-Time Public Hearing for Bingo License

In April, 1997, the Department's Charity Gaming Section (Compliance Division) held the first public hearing of its kind in response to a challenge to a first-time annual bingo license applicant. The hearing was held in South Bend, Indiana and was conducted in compliance with Indiana legislation. Specifically Indiana Code 4-32-9-5, states that whenever the Department receives at least ten written and signed protests for a first-time applicant, a public hearing must be held to obtain input on the proposed issuance of the annual bingo license.

After reviewing all relevant materials and the public's input, the Department approved the bingo license application.

Indiana TaxFax Has Biggest Year Ever

The Indiana TaxFax system had its biggest year ever. During fiscal year 1997, the system answered 29,079 calls with requests for 36,385 documents. This is an increase of 36% over fiscal year 1996, when the system answered 18,500 calls with requests for more than 24,500 documents.

New to the system this year was a separate catalog for Motor Carrier, Environmental and Fuel Taxes which are administered by the Department.

The Indiana TaxFax system allows taxpayers to call from the telephone portion of their fax machine and receive state and federal tax forms and information bulletins from the same fax machine. Indiana TaxFax is available 24 hours a day, seven days a week. All available forms and their retrieval codes are listed in catalogs which also may be ordered through the system.

Year-End Collections Exceed \$9.0 Billion for State

The Indiana Department of Revenue serves as the state's primary administrator for the tax laws of the State of Indiana, operating on a fiscal-year basis covering the period July 1 through June 30. The Department strives to maintain a fair and efficient work ethic while promoting the highest degree of public trust and voluntary compliance.

The Department closed out its 1997 fiscal year with record collections exceeding \$9.3 billion, approximately 7.8% more than last year's collections of \$8.64 billion.

TAXPAYER'S BILL OF RIGHTS

THE TAXPAYER'S RIGHTS AND RESPONSIBILITIES IC 6-8.1-1-8

*All Indiana taxpayers have certain rights and responsibilities that correspond to the Indiana tax laws.
The Taxpayer Bill of Rights sets forth these rights and responsibilities for Indiana taxpayers.*

I. QUALITY TAXPAYER SERVICE.

II. TAXPAYER ADVOCATE - - PRESERVATION OF YOUR RIGHTS.

III. TAXPAYER EDUCATION AND INFORMATION.

IV. FAIR COLLECTION PROCESS.

V. HEARING TIME AND REPRESENTATION.

VI. DEMAND NOTICES.

VII. WARRANTS FOR COLLECTION OF TAX.

VIII. JUDGEMENT LIENS AGAINST PROPERTY.

IX. ANNUAL PUBLIC HEARING AND DEPARTMENT REPORT.

X. TAXPAYER'S RESPONSIBILITIES.

PROBLEM RESOLUTION PROGRAM

The Problem Resolution Program (PRP) was established in January 1990. IC 6-8.1-11-3 provides for a Taxpayer Advocate who administers the Problem Resolution Program and reports to the Legal Counsel.

The responsibility of the Problem Resolution Program is to ensure that all Indiana taxpayers are treated fairly and to resolve recurring problems or complaints in which the taxpayer's previous attempts at resolution were unsuccessful. The Problem Resolution Program acts as a *last resort* for taxpayers who need assistance within the Indiana Department of Revenue. When specific areas of recurring problems are identified, recommendations are made for enhanced internal procedures.

The Problem Resolution Program will assist taxpayers who claim hardship and who prove that the Department's normal processes create difficulty or inability for the taxpayer to meet departmental requirements and their basic needs. In addition, the PRP will review offers in compromise presented to the Department due to medical or financial hardship.

- In fiscal year 1997, the PRP collected **\$1,661,359.78** from taxpayers who fell under the program's criteria for assistance.
- In fiscal year 1997, the PRP resolved **2,622** recurring problems and complaints.
- In fiscal year 1997, the PRP assisted **20,132** taxpayers over the telephone.
- In fiscal year 1997, the PRP accepted and resolved **3,841** hardship cases.
- In fiscal year 1997, the PRP staff reviewed **779** offers in compromise.

1997 LEGISLATIVE SUMMARY

**Regular Session
1997 Indiana General Assembly**

(Convened January 7, 1997; adjourned April 29, 1997)

IC 4 STATE OFFICES AND ADMINISTRATION

IC 4-4-6.1-1.7, SB 278, SECTION 2. Allows a person that holds a beer wholesaler permit, liquor wholesaler permit, or a wine wholesaler permit to qualify for the benefits of an enterprise zone. Allows a person who holds an alcoholic beverage permit and who receives at least 60% of the person's annual revenue from retail food sales to qualify for the benefits of an enterprise zone.

EFFECTIVE JULY 1, 1995 (RETROACTIVE).

IC 4-4-28-14 AND IC 4-4-28-16, HB 1425, SECTION 1. Provides that individuals may establish individual development accounts and can deposit up to \$300 of their own funds to the account with a match from the state equal to another \$900 per year. Interest earned on the account is exempt from taxation as is any money deposited by the state and withdrawn to be used for costs for higher education, accredited licensed training program, to purchase a residence, or to start a business.

EFFECTIVE JULY 1, 1997.

IC 4-22-7-7, HB 1784, SECTION 1. Clarifies that letters of findings will be printed in the Indiana Register in accordance with IC 6-8.1-3-3.5.

EFFECTIVE JANUARY 1, 1998.

IC 6-2.1 GROSS INCOME TAX

IC 6-2.1-1-10, HB 1784, SECTION 2. Clarifies in the definition of receipts that it will include a limited liability company that is not itself a taxpayer as defined in IC 6-2.1-1-16(27).

EFFECTIVE JULY 1, 1997.

IC 6-2.1-1-16, HB 1784, SECTION 3. Includes limited liability company in the definition of taxpayer unless it is a limited liability company that has a single member and is disregarded as an entity for federal income tax purposes.

EFFECTIVE JULY 1, 1993 (RETROACTIVE).

IC 6-2.1-3-21, HB 1784, SECTION 4. Clarifies the definition of membership fees for a not for profit organization so that fees charged for use of golf, tennis, swimming, or other athletic facilities are not subject to gross income tax.

EFFECTIVE UPON PASSAGE.

IC 6-2.1-8-5, HB 1784, SECTION 7. Provides that the quarterly remittance of gross income tax on the sales of real estate that is remitted by the county treasurer to the Department shall be made by electronic funds transfer if the average monthly remittance exceeds \$10,000.

EFFECTIVE JANUARY 1, 1998.

IC 6-2.5 SALES AND USE TAX

IC 6-2.5-3-6, HB 1784, SECTION 8. Provides that when an individual wants to title a vehicle, they must present documentation sufficient to rebut the presumption that the price was the average price as determined in a used vehicle buying guide and to establish the actual selling price of the vehicle.

EFFECTIVE JANUARY 1, 1998.

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IC 6-2.5-5-19.5, HB 1829, SECTION 1. Provides an exemption from the sales tax for prescription drug and insulin drug samples and the packaging and literature for a drug sample.
EFFECTIVE JANUARY 1, 1997 (RETROACTIVE).

IC 6-2.5-5-27.5, HB 1829, SECTION 2. Provides a sales tax exemption for the lease or purchase of any rail transportation equipment, including spare, replacement, and rebuilding parts or accessories, components, materials, or supplies, including lubricants and fuels for rail transportation equipment. Also provides that the Department shall cancel and shall no longer issue proposed assessments against any person for rolling stock equipment.
EFFECTIVE UPON PASSAGE.

IC 6-2.5-5-30, HB 1784, SECTION 9. Deletes archaic language that phased in the sales tax exemption for pollution control equipment.
EFFECTIVE JANUARY 1, 1998.

IC 6-2.5-6-1, HB 1784, SECTION 11. Provides that the sales tax will be remitted by electronic funds transfer if the average monthly remittance exceeds \$10,000.
EFFECTIVE JANUARY 1, 1998.

IC 6-2.5-6-10, HB 1784, SECTION 12. Deletes archaic language that describes the phase in of the collection allowance for the sales tax.
EFFECTIVE JANUARY 1, 1998.

IC 6-3 ADJUSTED GROSS INCOME TAX

IC 6-3-1-3.5, HB 1777, SECTION 2. Increases the deduction for certain dependent children of a taxpayer from \$1,000 to \$1,500 for the years 1997 through 2000.
EFFECTIVE JANUARY 1, 1997 (RETROACTIVE).

IC 6-3-1-11, HB 1781, SECTION 2. Incorporates all references to the Internal Revenue Code as in effect on January 1, 1997 into the Indiana Code for determining state tax liabilities.
EFFECTIVE JANUARY 1, 1997 (RETROACTIVE).

IC 6-3-2-2, SB 170, SECTION 1. Provides that team members that are nonresidents, their Indiana source income will be determined in accordance with section 2.7 of this chapter.
EFFECTIVE JANUARY 1, 1998.

IC 6-3-2-2.7, SB 170, SECTION 2. Allocates the income of nonresident professional athletes based on duty days performed in a state. Excludes signing bonuses from the allocation factor. Takes total salaries and performance bonuses and calculates a duty day allocation, the numerator is the number of days in Indiana and the denominator is the number of total duty days in a taxable year. Provides that the team may file a composite return on behalf of all players and staff required to file.
EFFECTIVE JANUARY 1, 1998.

IC 6-3-2-18, HB 1781, SECTION 3. Provides that if a taxpayer takes a federal deduction from income for a medical care savings account, then the taxpayer is prohibited from taking an Indiana deduction for a medical care savings account.
EFFECTIVE JANUARY 1, 1998.

IC 6-3-2.5-1 through 10, HB 1777, SECTION 3. Provides an earned income tax deduction for taxpayers with dependent children. The deduction is allowed if 80% of your total income is earned income, you have at least one dependent child, and your total Indiana income is less than \$12,000. The allowed deduction is \$12,000 minus the taxpayer's total Indiana income. Requires a return to be filed in the same method as the federal income tax return is filed. The deduction is permitted for taxable years 1997 through 2000.
EFFECTIVE JANUARY 1, 1997 (RETROACTIVE).

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IC 6-3-4-1, SB 170, SECTION 3. Provides that a team member that is covered by a composite return filed in accordance with IC 6-3-2-2.7 is not required to file an individual return.
EFFECTIVE JANUARY 1, 1998.

IC 6-3-4-8.1, HB 1784, SECTION 15. Requires monthly employer withholding of employee taxes to be remitted by electronic funds transfer if the average remittance exceeds \$10,000.
EFFECTIVE JANUARY 1, 1998.

IC 6-3-4-8.2, HB 1784, SECTION 16. Requires river boat operators to withhold Indiana adjusted gross income tax whenever the operator is required to withhold federal income tax.
EFFECTIVE JANUARY 1, 1998.

IC 6-3.1 TAX CREDITS

IC 6-3.1-9-5, HB 1570, SECTION 1. Increases the maximum value of neighborhood assistance credits from \$1,500,000 to \$2,500,000 per fiscal year.
EFFECTIVE JULY 1, 1997.

IC 6-3.1-15-8, SB 375, SECTION 2. Provides that the computer donation tax credit shall be \$100 instead of the current \$125.
EFFECTIVE JULY 1, 1997.

IC 6-3.1-15-12, SB 375, SECTION 3. Permits education service centers to sell computers to the parents or guardians of school children enrolled in computer education programs, if the computer will be used for educational purposes.
EFFECTIVE JULY 1, 1997.

IC 6-3.1-15-13, SB 375, SECTION 4. Removes the prohibition of the service center selling a computer for more than \$500, but does permit the education service center to include the center's operating expenses in purchasing, inspecting, testing, and refurbishing the computer equipment, plus a reasonable allowance for operating overhead.
EFFECTIVE JULY 1, 1997.

IC 6-3.1-15-17, SB 375, SECTION 5. Deletes a requirement that when the board of education performs an annual review of the program, that the review include the board's recommendation regarding the continuation of the program and tax credits.
EFFECTIVE JULY 1, 1997.

IC 6-3.1-16-6.1, HB 1633, SECTION 2. Defines a taxpayer for purposes of the historic preservation tax credit as an individual, corporation, S corporation, a partnership, limited liability company, limited liability partnership, nonprofit organization, or joint venture.
EFFECTIVE JULY 1, 1997.

IC 6-3.1-16-7.5, HB 1633, SECTION 3. Clarifies that a pass through entity is eligible for the historic preservation tax credit.
EFFECTIVE JULY 1, 1997.

IC 6-3.1-16-8, HB 1633, SECTION 4. Removes the requirement that a facility must have 2,000 square feet on the ground floor, eliminates a requirement for prior approval from the division of historic preservation, and requires the expenditure to exceed \$10,000 instead of \$5,000.
EFFECTIVE JULY 1, 1997.

IC 6-3.1-16-14, HB 1633, SECTION 5. Increases the maximum credit for FY 98 and FY 99 to \$750,000. This amount reverts to \$450,000 for years beginning after June 30, 1999.
EFFECTIVE JULY 1, 1997.

INDIANA DEPARTMENT OF REVENUE

IC 6-3.1-18, HB 1425, SECTION 2. Provides an individual development account tax credit. The credit is equal to 50% of the contribution if it is not less than \$1,000 and not more than \$50,000. Provides that the credit applies to pass through entities. A contribution that will result in a tax credit must be pre-approved by the Department. Upon notification of approval the taxpayer has thirty days to make the contribution. The credit is limited to \$500,000 in any state fiscal year. EFFECTIVE JANUARY 1, 1998.

IC 6-3.5 LOCAL OPTION TAXES

IC 6-3.5-1.1-3.1, HB 1542, SECTION 13. Permits LaPorte County to adopt an increase in the County Economic Development Income Tax (CEDIT) in the same year that the county decreases the County Adjusted Gross Income Tax (CAGIT) if the CEDIT rate plus the CAGIT rate is less than the CAGIT rate in effect before the adoption of an ordinance decreasing the CAGIT rate.
EFFECTIVE UPON PASSAGE.

NON CODE, HB 1542, SECTION 40. Permits LaPorte County to adopt CEDIT if it reduced its CAGIT rate in 1997.
EFFECTIVE UPON PASSAGE.

IC 6-3.5-1.1-18, HB 1777, SECTION 4. Makes a technical change in CAGIT in cross referencing back to adjusted gross income tax definitions.
EFFECTIVE JANUARY 1, 1997 (RETROACTIVE).

IC 6-3.5-6-5, HB 1784, SECTION 17. Requires that members of an income tax council must vote on any ordinance to change COIT, instead of the presumption that if a member does not vote, then it is considered a no vote.
EFFECTIVE JANUARY 1, 1998.

IC 6-3.5-6-12, HB 1784, SECTION 18. Provides that an ordinance to rescind COIT in a county must be adopted by April 1 of the year instead of June 1.
EFFECTIVE JANUARY 1, 1998.

IC 6-3.5-6-22, HB 1777, SECTION 5. Makes a technical change in COIT in cross referencing back to adjusted gross income tax definitions.
EFFECTIVE JANUARY 1, 1997 (RETROACTIVE).

IC 6-3.5-7-7, HB 1784, SECTION 19. Provides that an ordinance to rescind CEDIT in a county must be approved by April 1 of the year instead of June 1.
EFFECTIVE JANUARY 1, 1998.

IC 6-3.5-7-18, HB 1777, SECTION 6. Makes a technical change in CEDIT in cross referencing back to the adjusted gross income tax definitions.
EFFECTIVE JANUARY 1, 1997 (RETROACTIVE).

IC 6-5.5 FINANCIAL INSTITUTIONS TAX

IC 6-5.5-1-2, HB 1784, SECTION 20. Clarifies the add back for financial institutions tax for recovery of a bad debt that was previously deducted from income.
EFFECTIVE JANUARY 1, 1998.

IC 6-5.5-6-3, HB 1784, SECTION 21. Provides that if a financial institution tax liability exceeds \$10,000 per quarter, then the tax shall be remitted via electronic funds transfer.
EFFECTIVE JANUARY 1, 1998.

INDIANA DEPARTMENT OF REVENUE

IC 6-6 MOTOR FUEL AND VEHICLE EXCISE TAXES

IC 6-6-1.1-5502, HB 1784, SECTION 22. Provides that if the average monthly remittance for gasoline tax exceeds \$10,000, then the remittance must be made by electronic funds transfer.
EFFECTIVE JANUARY 1, 1998

IC 6-6-2.5-35, HB 1785, SECTION 1. Requires that special fuel suppliers remit 100% of the tax remitted for the month preceding the previous calendar month, or 95% of the prior month's actual liability by the fifteenth of the month. Requires any additional remittance by the twentieth of the month when the monthly reports are due.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-2.5-56.5, HB 1785, SECTION 2. Clarifies the reporting requirements for special fuel suppliers and importers regarding the amount of special fuel tax due on a monthly basis.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-2.5-63, HB 1785, SECTION 3. Adds importers and blenders to the suppliers as an entity that is subject to penalty provisions for failure to properly report and remit special fuel tax.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-1, HB 1785, SECTION 4. Adds the definitions of "establishing a base", "inventory aircraft", and "established place of business" to the aircraft excise tax and registration chapter.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-2, HB 1785, SECTION 5. Clarifies that a person is required to register an aircraft within thirty-one days after the purchase date, or within sixty days of establishing a base in Indiana.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-3, HB 1785, SECTION 6. Clarifies that a nonresident who owns an aircraft and establishes a base in Indiana is required to register the aircraft in Indiana.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-7, HB 1785, SECTION 7. Deletes the requirement that a duplicate certificate of registration for an aircraft have the word duplicate printed or stamped on the registration.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-8, HB 1785, SECTION 8. Deletes the provision that voids a certificate of registration fifteen days after the sale or transfer of an aircraft. Also provides that a person shall pay the sales or use tax on an aircraft at the time the aircraft is registered or within thirty-one days of the date of purchase, unless the purchaser provides proof to the Department that the tax has already been paid.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-9, HB 1785, SECTION 9. Clarifies that a nonresident is not exempt from registration and excise tax once the nonresident establishes a base for the aircraft in Indiana. Requires a nonresident to file with the Department within thirty-one days of purchase proof the aircraft is based and registered in another state. Adds a university or college supported in part by state funds to the entities that are exempt from the aircraft excise tax.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-10, HB 1785, SECTION 10. Deletes current dealer registration certificate requirements.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-10.1, HB 1785, SECTION 11. Imposes new requirements for an aircraft dealer to be registered with the Department. The \$25.00 registration fee remains the same.
EFFECTIVE JANUARY 1, 1998.

INDIANA DEPARTMENT OF REVENUE

IC 6-6-6.5-10.2, HB 1785, SECTION 12. Establishes December 15 as the annual renewal date for an aircraft dealer registration certificate. Allows the Department to request additional information at the time of renewal if a dealer has changed its address or significantly altered its facilities. Allows the Department to revoke a dealer's certificate for non-compliance with tax statutes, rules and requirements of the Department.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-10.3, HB 1785, SECTION 13. Permits the Department to revoke an aircraft dealer's license if it is determined that the dealer is not a bona fide aircraft dealer. Allows the dealer to appeal the revocation.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-10.4, HB 1785, SECTION 14. Requires that a seller notify the Department when an aircraft is sold within five days of the date of the sale.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-10.5, HB 1785, SECTION 15. Provides notification procedures for the aircraft excise tax once the Department is notified of the transfer.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-10.6, HB 1785, SECTION 16. Provides that a dealer may not use aircraft in inventory for anything else other than for demonstration flights unless the dealer charges the fair market value rental.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-10.7, HB 1785, SECTION 17. Clarifies the reporting requirements of a dealer for purposes of the aircraft excise tax, and establishes the last day of February as the due date.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-14, HB 1785, SECTION 18. Establishes the priority of any partial payment that is received. The payment is applied against the registration fee and then against any penalty or interest that is owed.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-15, HB 1785, SECTION 19. Deletes registration dates that have been replaced in SECTION 17.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-19, HB 1785, SECTION 20. Provides a penalty if the owner of the aircraft does not pay the sales tax when it is due.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.5-21, HB 1785, SECTION 21. Requires the Department to distribute to each county treasurer an excise tax report that includes aircraft identification, owner information, and excise tax payment, and must indicate the county where the aircraft is normally kept when not in operation.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-6.6-2, HB 1784, SECTION 23. Deletes archaic language that phased in the tax rate per ton for hazardous waste disposal.
EFFECTIVE JANUARY 1, 1998.

IC 6-6-10-7, HB 1811, SECTION 1. Provides that the Department may not make a distribution to a county of the emergency planning and right to know fund until the Department receives notice from the emergency response commission that a county has complied with IC 13-25-1-6(b).
EFFECTIVE JULY 1, 1997.

INDIANA DEPARTMENT OF REVENUE

IC 6-8.1 TAX ADMINISTRATION

IC 6-8.1-3-3.5, HB 1784, SECTION 24. Provides that a taxpayer can review a letter of findings before it is published in the Indiana Register to sanitize it for information that is considered a trade secret or otherwise confidential in the taxpayer's view.

EFFECTIVE JULY 1, 1997.

IC 6-8.1-3-17, HB 1784, SECTION 25. Allows the Commissioner to settle a tax dispute before it is filed in tax court if there is doubt as to the constitutionality of the tax, the right to impose the tax, the correct amount due, the collectibility of the tax, or whether the person was a resident of the state.

EFFECTIVE JANUARY 1, 1998.

IC 6-8.1-5-2, HB 1784, SECTION 26. Extends the period in which the Department may issue a proposed assessment if a taxpayer's federal income tax liability is adjusted due to an assessment of a federal deficiency or the filing of an amended tax return. Provides that the period is extended to six months after the date the taxpayer files notice of the modification.

EFFECTIVE JANUARY 1, 1998.

IC 6-8.1-9-2, HB 1784, SECTION 27. Provides that an excess tax payment that is not credited against current or future tax liabilities within 90 days, accrues interest from the later of the date the tax payment was due or the day the tax was paid.

EFFECTIVE JANUARY 1, 1998.

IC 6-9 INNKEEPER TAXES AND OTHER LOCAL TAXES

IC 6-9-1-5, SB 234, SECTION 1. Provides that sales tax exemptions flow through to the St. Joseph County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-2-1, SB 234, SECTION 2. Provides that sales tax exemptions flow through to the Lake County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-2.5-6, SB 234, SECTION 3. Provides that the sales tax exemptions flow through to the Vanderburgh County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-3-4, SB 234, SECTION 4. Provides that sales tax exemptions flow through to the Floyd/Clark County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-4-6, SB 234, SECTION 5. Provides that sales tax exemptions flow through to the Monroe County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-5-6, SB 234, SECTION 6. Provides that sales tax exemptions flow through to the Knox County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-6-6, SB 234, SECTION 7. Provides that sales tax exemptions flow through to the LaPorte County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-7-6, SB 234, SECTION 8. Provides that sales tax exemptions flow through to the Tippecanoe Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-8-2, SB 234, SECTION 9. Provides that sales tax exemptions flow through to the Marion County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

INDIANA DEPARTMENT OF REVENUE

IC 6-9-9-2, SB 234, SECTION 10. Provides that the sales tax exemptions flow through to the Allen County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-10-6, SB 234, SECTION 11. Provides that the sales tax exemption flow through to the Wayne County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-10.5, HB 1501, SECTION 1. Allows White County to impose an innkeeper's tax at a rate up to three percent of gross retail income derived from lodging. Revenue from the tax is to be deposited in a lake enhancement fund for use in enhancing lakes located in the county, and for silt trap maintenance.

EFFECTIVE UPON PASSAGE.

IC 6-9-10.5-6, SB 234, SECTION 12. Provides that sales tax exemptions flow through for the White County Innkeeper's Tax.

EFFECTIVE UPON PASSAGE.

IC 6-9-11-6, SB 234, SECTION 13. Provides that sales tax exemptions flow through to the Vigo County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-14-6, SB 234, SECTION 14. Provides that sales tax exemptions flow through for the Brown County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-15-6, SB 234, SECTION 15. Provides that sales tax exemptions flow through to the Jefferson County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-16-2, SB 200, SECTION 1. Increases the size of the Howard County convention and tourism commission from five to seven members.

EFFECTIVE JULY 1, 1997.

IC 6-9-16-3, SB 200, SECTION 2. Permits Howard County to use its innkeeper's tax funds for the acquisition, construction, improvement, maintenance, financing or refinancing of land, facilities, or equipment for conventions, trade shows, visitors, or special events.

EFFECTIVE UPON PASSAGE.

IC 6-9-16-6, SB 200, SECTION 3. Permits Howard County to increase its innkeeper's tax from four percent to five percent until June 30, 2007, and then it reverts back to four percent.

EFFECTIVE JULY 1, 1997.

IC 6-9-16-6, SB 234, SECTION 16. Provides that sales tax exemptions flow through to the Howard County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-17-3, SB 234, SECTION 17. Provides that sales tax exemptions flow through to the Madison County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-18-3, SB 234, SECTION 18. Provides that sales tax exemptions flow through to the Uniform County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

INDIANA DEPARTMENT OF REVENUE

IC 6-9-18-4, SB 234, SECTION 19. Expands the usage of the Uniform County Innkeeper's Tax to include expenses for tourism, and this will include expenditures for advertising, promotional activities, trade shows, special events, and recreation.

EFFECTIVE JULY 1, 1997.

IC 6-9-18-5, SB 234, SECTION 20. Makes it a requirement that the county executive create a commission to promote convention visitor and tourism in a county.

EFFECTIVE JULY 1, 1997.

IC 6-9-18-6, SB 234, SECTION 21. Further clarify that the Uniform Innkeeper's Tax funds can be used to promote tourism in the county.

EFFECTIVE JULY 1, 1997.

IC 6-9-19-3, SB 234, SECTION 22. Provides that sales tax exemptions flow through for the Elkhart County Innkeeper's Tax.

EFFECTIVE JULY 1, 1997.

IC 6-9-28-7, HB 1784, SECTION 28. Establishes the Hendricks County Admission Tax Fund for deposit of the admissions tax. The funds will be used to fund private enterprise economic development projects.

EFFECTIVE JULY 1, 1997.

MOTOR CARRIERS AND VEHICLE REGISTRATION

IC 8-2.1-24-18, HB 1846, SECTION 1. Provides that intrastate motor carriers not operating under authority issued by the United States Department of Transportation are required to register with the Department, and display a certification number issued by the Department.

EFFECTIVE JULY 1, 1997.

IC 9-18-2-7, HB 1929, SECTION 3. Allows the Department to stagger the issuing of registration permits for vehicles subject to the International Registration Plan.

EFFECTIVE JULY 1, 1997.

IC 9-18-7-2, HB 1929, SECTION 6. Specifies that the Department may issue temporary trip permits for tractor-trailers.

EFFECTIVE JULY 1, 1997.

IC 9-18-7-6, HB 1929, SECTION 8. Permits the Department to issue hunter's permits to a common carrier that contracts with an owner/operator of a tractor-trailer so that when the owner/operator ceases working for the common carrier, if the registration was in the name of the common carrier, the owner may have a hunter's permit transferred to the owner and the owner may move the tractor-trailer within Indiana for thirty days to look for employment without first registering the tractor-trailer.

EFFECTIVE JANUARY 1, 1998.

NON CODE HB 1929, SECTION 15. Allows the Department to issue a temporary registration for a tractor-trailer when all communication with a person seeking the temporary registration has been done by telephone and fax machine.

EFFECTIVE JULY 1, 1997.

IC 9-21-5-5, HB 1846, SECTION 2. Provides that a vehicle longer than eighty-five feet or wider than ten feet six inches may not be operated at a speed greater than forty-five miles per hour. Current length and width requirements are eighty feet and eight feet six inches respectfully.

EFFECTIVE JULY 1, 1997.

MISCELLANEOUS PROVISIONS

IC 3-7-23-3, HB 1844, SECTION 71. Provides that if a voter registration form is returned to the Department, the Department is required to forward the affidavit to the county voter registration office of the county of the taxpayer that sent the affidavit to the Department.
EFFECTIVE UPON PASSAGE.

IC 13-23-11-2, SB 359, SECTION 4. Provides that the Commissioner or his designee is a member of the underground storage tank financial assurance board.
EFFECTIVE UPON PASSAGE.

IC 16-44-2-18, HB 1784, SECTION 28. Increases the gasoline inspection fee from \$.04 to \$.40 per fifty gallons.
EFFECTIVE JULY 1, 1997.

NON CODE, HB 1633, SECTION 11. Provides that the historic preservation tax credit applies to pass through entities for any claims filed after December 31, 1993.
EFFECTIVE UPON PASSAGE.

NON CODE, HB 1784, SECTION 30. Repeals:

IC 4-32-13-5 concerning the commissioner hiring an independent firm to do a security study of the Department concerning charity gaming.

IC 6-2.1-3-17 concerning joint venture and pool income being subject to the gross income tax.

IC 6-2.1-7-6 concerning interrogatories required by a township assessor.

IC 6-2.1-8-3 concerning changes in interpretation of law which is already contained in IC 6-8.1 which applies to all listed taxes.

IC 6-2.1-8-8 concerning interrogatories required by a township assessor.

IC 6-2.1-8-9 AND IC 6-2.1-8-10 concerning cites to laws prior to the recodification and to rules adopted prior to the recodification.

IC 6-2.5-10-3 AND IC 6-2.5-10-4 concerning cites to laws prior to the recodification and to rules adopted prior to the recodification.

IC 6-3-5-2 which set the dates for reciprocity with other states for the individual adjusted gross income tax at June 30, 2962.

IC 6-3-8-3 which set the effective date for the supplemental net income tax at January 1, 1972.

IC 6-3.1-3 which was the credit for donations of high technology equipment to schools. This credit only applied to donations made before January 1, 1986.

IC 6-3.5-3 which was the occupation income tax which was declared unconstitutional by the Supreme Court.
EFFECTIVE JULY 1, 1997.

**Special Session
1997 Indiana General Assembly**

(Convened May 14, 1997; adjourned May 29, 1997)

IC 6-2.1 GROSS INCOME TAX

IC 6-2.1-5-1.1, SB 6, SECTION 50. Provides that after December 31, 1997, estimated payments of gross income tax will be made by electronic funds transfer if the average liability is \$10,000. Currently the limit is \$20,000 for electronic funds transfer. Makes the quarterly corporate payment dates established in 1994 permanent.
EFFECTIVE JULY 1, 1997.

INDIANA DEPARTMENT OF REVENUE

IC 6-2.5 SALES AND USE TAX

IC 6-2.5-5-38.1, SB 5, SECTION 37. Provides that if an education service center sells qualified computer equipment to the parent or guardian of a student enrolled in grades one through twelve, the computer equipment sold will be exempt from the sales tax.

EFFECTIVE JULY 1, 1997.

IC 6-2.5-5-38.2, SB 5, SECTION 38. Provides that the value of an owned vehicle is exempt from the sales tax in a vehicle lease transaction when the vehicle is exchanged for a like kind vehicle.

EFFECTIVE JULY 1, 1997.

IC 6-3 ADJUSTED GROSS INCOME TAX

IC 6-3-4-4.1, SB 6, SECTION 51. Provides that after December 31, 1997, quarterly adjusted gross income tax payments by corporations will be remitted by electronic funds transfer if the average remittance exceeds \$10,000. Provides that the quarterly payment dates established in 1994 are permanent.

EFFECTIVE JULY 1, 1997.

IC 6-4.1 INHERITANCE AND ESTATE TAXES

IC 6-4.1-3-10, SB 9, SECTION 9. Provides that the first one hundred thousand dollars (\$100,000) transferred to a Class A transferee is exempt from the inheritance tax. Effective for decedents who die after June 30, 1997.

EFFECTIVE JULY 1, 1997.

IC 6-4.1-3-12.5, SB 9, SECTION 10. Requires the Department to prescribe an affidavit that may be used to state that no inheritance tax is due after applying the exemptions under this article.

EFFECTIVE JULY 1, 1997.

IC 6-4.1-11-6, SB 9, SECTION 11. Requires the Department to determine the average inheritance tax retained by each county for fiscal years beginning July 1, 1990 through June 30, 1997, excluding the lowest and highest year from the average calculation. The average minus the amount retained by the county in the immediately preceding fiscal year shall be distributed to the county by August 15.

EFFECTIVE JULY 1, 1997.

IC 6-6 MOTOR FUEL AND VEHICLE EXCISE TAXES

IC 6-6-9.7, SB 4, SECTION 1. Permits Marion County to adopt a supplemental auto rental excise tax on the rental of passenger motor vehicles and trucks in the county for a period of less than 30 days. The rental rate is 2% of the gross retail income received by the retail merchant for the rental. Temporary leases of vehicles as the result of automobile insurance reimbursements are exempt from the tax. Vehicles rented as part of a funeral service are exempt from the tax. Revenue from the tax is paid to the capital improvement board of managers.

EFFECTIVE UPON PASSAGE.

IC 6-9 INNKEEPER TAXES AND OTHER LOCAL TAXES

IC 6-9-8-3, SB 4, SECTION 2. Allows Marion County to increase the innkeeper's tax from 5% to 6% with the increase dedicated to the payment of obligations to expand the convention center.

EFFECTIVE UPON PASSAGE.

IC 6-9-13-1, IC 6-9-13-2 AND IC 6-9-13-3, SB, SECTION 4 AND SECTION 5. Expands the admission tax to include any event and not just a professional sporting event held in a facility operated by the capital improvements board of Marion County.

EFFECTIVE UPON PASSAGE.

INDIANA DEPARTMENT OF REVENUE

IC 6-9-13-1, SB 4, SECTION 3. Provides that the Marion County admissions tax does not apply to events sponsored by an educational institution or an association representing an educational institution, an event sponsored by a religious organization, or an event sponsored by a charitable organization.
EFFECTIVE UPON PASSAGE.

IC 6-9-31, SB 4, SECTION 6. Allows Marion County to impose a capital improvement board revenue replacement supplemental tax to replace revenue that is lost from the withdrawal of a contract providing an entity the right to name a facility owned by the capital improvement board that displaces workers. The supplemental tax may be imposed on the innkeepers tax, the admissions tax or the supplemental auto rental excise tax. Permits the Marion County treasurer to collect the tax. The maximum tax rate is 1%.
EFFECTIVE JULY 1, 1997

MISCELLANEOUS PROVISIONS

IC 12-17-2-33.1, SB 13, SECTION 22. Requires the child support bureau to enter into an agreement with the Department to operate a data match system with each financial institution doing business in the state. Requires each financial institution doing business in the state to provide the Department with information on non custodial parents that have an account with the financial institution and are delinquent. Permits the financial institution to submit the information to the Department or allows the Department to furnish the list of non custodial parents to the financial institution. When the Department determines that there is a match, the Department is required to notify the individual, the financial institution, and the bureau the intent to encumber against the account and that the individual has twenty (20) days to protest the child custody lien. A lien issued under this provision will be in effect for one hundred twenty days. The matches are required to be done on a quarterly basis. The bureau shall reimburse the Department for the actual costs incurred.
EFFECTIVE JULY 1, 1997.

IC 36-7-31, SB 3, SECTION 19. Creates a Professional Sports Development Area (PSDA) in Marion County. Permits the metropolitan development commission to establish a PSDA where any professional sports team engages in training, or where a facility is located to hold a professional sporting event. Requires the commission to submit the resolution to the budget committee for approval. Upon approval of the budget committee, sales and use taxes, individual income taxes, county option income taxes, and food and beverage taxes generated from within the area will be allocated to the area. All of the salary, wages and bonuses paid to a professional athlete for services taxable in Indiana and earned in the tax area shall be allocated to Indiana if the athlete is a member of a team that plays the majority of its events in the area. The total amount of state revenue captured by the tax area may not exceed five million dollars (\$5,000,000) per year. The commission is required to notify the Department annually who the employers are in the tax area, and the street names and range of street numbers in the tax area. The Department is required to make a monthly distribution to the capital improvement board of the amount in the fund.
EFFECTIVE UPON PASSAGE.

IC 36-7-31.3, SB 3, SECTION 20. Permits any city or county to create a professional sports development area similar to the one described above. Caps the amount of revenue that can be designated annually to five dollars (\$5.00) per resident of the city or county.
EFFECTIVE UPON PASSAGE.

NON CODE, SB 6, SECTION 95. Repeals:

IC 6-2.1-5-1 concerning quarterly estimated gross income tax payment dates.

IC 6-3-4-4 concerning quarterly estimated adjusted gross income tax payment dates.

EFFECTIVE JULY 1, 1997.

SIGNIFICANT COURT CASES

UACC Midwest, Inc. v. Indiana Department of State Revenue, 667 N.E.2d 232 (Ind. Tax 1996)

The Court held that UACC's gross income from cable operations was subject to the rate of 1.2% since UACC was providing a service. The Court also held that the Gross Income Tax Act was not unconstitutional as applied to cable operators.

State of Indiana v. Charles Hoolver, 668 N.E.2d 1229 (Ind. Tax 1996)

Public Law 44-1994 authorizes Indiana counties having a population of more than 129,000, but less than 130,600 to increase the county economic development income tax rate for certain purposes. According to the 1990 census only one of Indiana's 92 counties fell within the statute's population parameters. The Tippecanoe Circuit Court held that Public Law 44-1994 was a local and special law providing for the assessment and collection of taxes for county purposes and therefore violated the Indiana Constitution. The Indiana Supreme Court reversed the Circuit Court and found the statute was not in violation of Sections 22 and 23 of Article 4 of the Indiana Constitution and thus, upheld Public Law 44-1994.

State of Indiana Ex Rel. ANR Pipeline Co. v. Indiana Department of State Revenue, 672 N.E.2d 91 (Ind. Tax 1996)

The Department held a hearing on ANR Pipeline's protest and issued a Letter of Findings on December 7, 1993, which sustained the taxpayer. Subsequently, the Department issued a Second Letter of Findings which revoked the first Letter of Findings due to a mistake of law and denied the taxpayer's protest for claim for refund. The Indiana Tax Court held that the Department may correct an error of law within 180 days of the first Letter of Findings, but that the first Letter of Findings did not contain an error of law and, therefore, ruled in favor of the taxpayer.

J & J Vending, Inc. v. Indiana Department of State Revenue, 673 N.E.2d 1203 (Ind. Tax 1996)

The issue before the Court was whether food sold through vending machines (except candy, soft drinks and confections) was exempt under IC 6-2.5-5-20(b). J & J claimed that it was entitled to the exemption available to other merchants for sales of "food for human consumption" under the provisions of IC 6-2.5-5-20(b). The Court held that IC 6-2.5-5-20(c) specifically excludes food sold through vending machines from the exemption and that the Department had properly applied the imposition and exemption statutes as written.

Cooper Industries, Inc. v. Indiana Department of State Revenue, 673 N.E.2d 1209 (Ind. Tax 1996)

The Court held that excess loss account income from a consolidated federal return does not constitute income for the purposes of a combined Indiana return and, therefore, held against the Department.

Sherwin Williams v. Indiana Department of State Revenue, 673 N.E.2d 849 (Ind. Tax 1996)

The issue before the Court was whether the denominator of Sherwin Williams' sales factor should be increased to include the principal or capital element of investments made outside of Indiana. The Tax Court held that the term "gross receipts" for the purposes of the sales factor includes only the interest income, therefore, the Department was correct in including only the interest earned as part of the total receipts in the denominator of the sales factor of the apportionment formula.

**James W. Thomas v. Indiana Department of State Revenue, 675 N.E.2d 362
(Ind. Tax 1997)**

The Court held that no credit was due to the taxpayer because Washington, D.C. is a reverse credit jurisdiction which means that Indiana residents pay Indiana tax on the income earned in the District of Columbia but receive a credit in the District for Indiana tax paid.

**Baseball, Inc. v. Indiana Department of State Revenue, 672 N.E.2d 1368
(Ind. Ct. App. 1996) (trans denied)**

The Court of Appeals affirmed the Trial Court's decision which affirmed the Indiana Department of Revenue's revocation of Baseball, Inc.'s bingo license. The Court held that the Department had not denied Baseball's right to due process by terminating its bingo license on an emergency basis and found sufficient evidence to support the decision of the Trial Court.

**Jefferson Smurfit Corporation v. Indiana Department of State Revenue,
49T10-9504-TA-00031, 1997WL338436
(Ind. Tax 1997)**

The Tax Court held that prior to being amended in 1985, IC 6-2.1-2-1(c)(I)(B) provided for the application of the tax rate of 1.2% to the taxpayer because of a resale requirement. For the years thereafter the lower rate of 0.3% was applicable because there is no resale requirement for industrial processing following the 1985 amendments. Taxpayer is engaged in packaging toys and promoting items for manufacturers, who either sell or give away the packaged items. The Court addressed the industrial processing statute under the Indiana Gross Income Tax Act.

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AREAS OF RECURRING TAXPAYER NONCOMPLIANCE

Charity Gaming Section: This section is responsible for licensing qualified, not-for-profit organizations for bingo, festivals, raffles, door prizes, and charity game nights. Also licenses manufacturers and distributors of pull tabs, punch boards, and tip boards. Processes returns for not-for-profit organizations. Issues penalty and interest billings due to the late receipt of parimutuel funds/wagering tax.

The Department completed investigations on the charity gaming operations of 29 not-for-profit organizations. The Department saw an increase in the number of organizations conducting non-licensed events. 45 IAC 18-5-1 provides that the income from the operation of a non-licensed charity gaming event is unrelated income and subject to gross income tax, adjusted gross income tax, and supplemental net income tax.

Civil penalties for statute/rule violations and income tax assessments were imposed against the noncompliance organizations as follows:

Statute/Rule	\$Total Penalty Assessed	# of Violations
IC 4-32-6-11	1,000.00	1
IC 4-32-6-18	250.00	1
IC 4-32-7-4	1,450.00	4
IC 4-32-9-1	1,000.00	1
IC 4-32-9-2	24,500.00	17
IC 4-32-9-4	200.00	1
IC 4-32-9-17	13,250.00	17
IC 4-32-9-22	1,000.00	1
IC 4-32-9-25	8,000.00	4
IC 4-32-9-27	600.00	2
IC 4-32-9-29	1,000.00	1
IC 4-32-9-30(a)	2,000.00	2
IC 4-32-12-30(a)(4)	1,000.00	1
IC 4-32-9-30(b)	2,000.00	2
IC 4-32-9-30(c)	500.00	1
IC 4-32-9-33	300.00	1
IC 4-32-9-34	350.00	2
IC 4-32-11-3	6,080.00	8
45 IAC 18-2-4(a)	150.00	2
45 IAC 18-3-2	500.00	1
45 IAC 18-3-2(I)	900.00	3
45 IAC 18-3-2(k)	100.00	1
TOTAL	\$66,130.00	74

As provided by 45 IAC 18-5-1, fourteen (14) organizations were issued income tax assessments totaling \$92,679.19, including penalty and interest.

Seven of the 29 investigated organizations were also assessed additional annual bingo license renewal fees totaling \$41,350. The license fee charged to a qualified organization, that renews the license, is based on the total gross revenue of the allowable events and related activities in the preceding year. These seven organizations under-reported the total gross revenue.

In addition, one non-licensed distributor of charity gaming supplies was identified. This distributor was assessed \$8,000 in license fees and \$5,312.70 in Gaming Card Excise Tax.

Individual Income Tax Section: The Individual Income Tax Section's mission is identifying and pursuing non-filers, as well as verifying the accuracy of filed returns. Resources include information from the Internal Revenue Service, various

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Indiana state agencies, other state's taxing agencies, and anonymous informants. Our standard compliance projects are as follows:

Discrepancy: Through the Federal/State Exchange of Information Agreement, the Internal Revenue Service provides the Indiana Department of Revenue with federal adjusted gross income and exemption information. This data is compared with the Indiana filing information and if a discrepancy exists, a proposed assessment is created. An average assessment of \$339.00 was sent to 6,884 taxpayers.

Federal Audit: The Internal Revenue Service provides agreed federal tax audit reports to the Department. If the taxpayer did not amend their Indiana individual income tax return to report the Indiana adjustments resulting from the federal modifications detailed in the audit findings, a tax bill is generated. The federal audits also led to the disclosure of Indiana non-filers. This entire project resulted in 4,482 taxpayers receiving an average assessment of \$683.00.

CP2000 Unreported Income: The Internal Revenue Service sends data on Indiana taxpayers under-reporting taxable income derived from wages, interest, dividends, or non-employee compensation to the Department. These types of income are reported on W-2s or Form 1099 information returns. An assessment is generated if this income was not reported on the original return, or an amended return, if applicable. Assessments averaging \$176.00 were created for 2,941 taxpayers.

Desk examinations of Indiana returns disclosed the following areas of noncompliance:

Penalty for Underpayment of Estimated Tax: Tax returns are identified where the underpayment penalty was calculated incorrectly or appears to be due, but was not calculated. The average assessment for 5,380 bills was \$95.00. Our new individual income processing system should allow greater scrutiny in this continuing area of high noncompliance.

Other Deductions/Credits: We continue to see taxpayers attempt to take an adjustment for federal itemized deductions. The average assessment for 265 taxpayers was \$429.00.

Tobacco & Alcohol Section: The collection of Other Tobacco Products (OTP) Tax increased by 9.3% for the fiscal year. The tax of 15% of the wholesale price is imposed at the time the distributor: (1) brings or causes tobacco products to be brought into Indiana for distribution; (2) manufactures tobacco products in Indiana for distribution; or (3) transports tobacco products to retail dealers in Indiana for resale by those retail dealers. Corrections to OTP monthly returns netted the Department over \$106,000 in additional tax for the year. Commonly, the corrections are a result of unreported or incorrectly reported taxable purchases.

Utility/Refund Section: This section processed 2,850 claims for refund of sales tax. The total amount claimed was \$5,883,379.00. Reasons for claims include sales tax paid on utilities used in an exempt manner, bad debts, math errors in computing taxable sales, purchases by not-for-profit organizations, and retail merchants refunding taxes to the person from whom they collected and remitted sales tax. Refund reductions in the amount of \$1,388,863.00 resulted from the claimant's failure to meet exemption requirements, failure to provide documentation supporting the refund claimed, or the expiration of the statute of limitations.

Our voluntary compliance agreements resulted in the collection of delinquent taxes in the amount of more than \$555,600.00. These agreements result from taxpayer initiated disclosure. The taxpayers are usually out-of-state companies wishing to gain good standing with Indiana through proper tax registration and a settlement of any past tax delinquencies.

This section processed 6,500 applications for exemption from sales tax on the purchase of public utilities. Approximately 5,750 of the applicants qualified for 100% exemption from sales tax on their public utility purchases. The 100% exemption is granted primarily to not-for-profit organizations, governmental entities, and manufacturers predominantly using utilities for an exempt purpose. Percentage exemption was granted to 600 applicants composed of restaurants, industrial processors, public transportation companies, and grocery stores. Reasons for the denial of 150 applicants included failure to provide necessary information and failure to meet exempt purpose(s).

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Aeronautics Section: For the calendar year 1996, the Aeronautics Section mailed out 4,529 renewal registrations. As of December 31, 1996, only 180 aircraft owners were delinquent. This translates to a 96% compliance rate. Information provided by Indiana airport owners/operators led to the identification of 206 owners of unregistered aircraft based at Indiana airports. These 206 owners were assessed a total of \$1,377,416.00 for sales and use tax, excise tax, registration fees, penalty, and interest.

The Federal Aviation Administration provided information that identified 11 owners of improperly registered aircraft. A total of \$27,705.00 was assessed for sales and use tax, excise tax, registration fees, penalty, and interest.

Corporate Income Tax Section: The Corporate Income Tax Section provides service to taxpayers regarding the application of tax laws and regulations to corporations, partnerships, financial institutions, and governmental entities. Identified areas of noncompliance include:

Federal Audits: Results of modifications to federal adjusted gross income are communicated to the Department by the Internal Revenue Service or by the taxpayer. Corporate income tax, in the amount of \$1,773,770.00, was processed through this project.

Voluntary Compliance Agreements: Voluntary agreements are initiated by a taxpayer desiring good standing with the State of Indiana. After meeting the terms of the agreement, the taxpayer is classified in a current tax status. The project resulted in the collection of delinquent taxes in the amount of \$1,268,192.00 and current tax assessments of \$444,856.00.

Penalty for Underpayment of Estimated Tax/Late Payment Penalty and Interest: Returns are identified where the underpayment penalty, applied but was not calculated or was calculated incorrectly. Remittance returns also are reviewed for application of late payment penalty and interest. Assessments for fiscal year 1997 totaled \$820,537.00.

Corporate Reinstatements: Corporations that are administratively dissolved by the Indiana Secretary of State must apply for a reinstatement clearance from the Department. Clearance is issued only if the taxpayer's tax status is in good standing with no open liabilities or missing returns. During the fiscal year approximately 2,100 clearance requests were received with 1,660 receiving clearance.

Strategic Compliance Section: The Strategic Compliance Section develops and implements projects designed to increase voluntary compliance.

Use tax responsibilities continue to be an area where many taxpayers appear to be consistent. Our use tax projects include an explanation of use tax. During the fiscal year businesses were asked to review past purchases for possible self-assessment of use tax. Other taxpayers were assessed use tax on items purchased exempt from sales tax but not used in an exempt manner. The use tax projects produced \$763,904.00 during the fiscal year.

Various information from internal sources, other state agencies, and other states' revenue departments is utilized to identify non-filers of sales tax, withholding tax, individual income tax, and corporate income tax. An additional \$1,013,297.00 has been generated from these miscellaneous sources.

We continue to identify taxpayers failing to file Form WH-3 (Annual Withholding Tax Reconciliation) along with corresponding wage and tax statements (W-2). Penalty assessments totaled \$29,347.00.

Bankruptcy/Responsible Officer Section: During the fiscal year, this section filed claims with the U.S. Bankruptcy Courts totaling \$15,980,637.00 for unpaid tax delinquencies and projected tax liabilities for non-filed returns. The section processed \$3,150,667.00 in disbursements from bankruptcy proceedings.

Corporate officers may be held personally liable for the payment of unpaid trust taxes such as sales tax or withholding tax. The entity collecting a trust tax is operating as an agent for the State. Responsible officers of solvent and bankrupt entities were assessed \$7,044,165.00 in delinquent trust taxes during the year.

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The Department's Returns Processing Division is responsible for the processing, storage and retrieval of tax documents. During the fiscal year 1997, the Returns Processing Center found the following recurring taxpayer noncompliance problems:

- Incomplete returns, such as IT-40s without W-2s and WH-3s without W-2s, WH-18s or 1099s. With the added schedules required for deductions and credits on this year's IT-40s, there were many taxpayers who neglected to attach these forms.
- Returns were not entirely completed due to taxpayers omitting the county codes on IT-40s.
- Using the wrong form IT-40P for current year filing and using non-scannable business tax returns instead of the coupons sent to the taxpayer.
- Filing status used on WH-3 during the year for one ownership type, taxpayer reconciled with a different ownership type.
- Copies of another Business' WH-3 are used frequently, but are not legible to read.
- WH-3s with payment are submitted without a registered account number.
- Failure to use TID numbers, instead used the old FID when submitting payments.
- Uncontrolled documents were sent out with no information, consequently TID numbers were transposed.

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INDIANA TAX DESCRIPTIONS AND REVENUES

All amounts are in thousands. Percent (%) change reflects increase or decrease from FY 96 to FY 97.

Aircraft License Excise

Excise tax, due at the time of registration, is determined by weight, age and type of aircraft. All excise tax is distributed to the county where the aircraft is usually located when not in use.

FY90	--	FY94	\$413.2
FY91	--	FY95	\$395.6
FY92	--	FY96	\$404.4
FY93	--	FY97	\$377.6
		% CHANGE	-6.6%

Alcoholic Beverage

Per gallon rates are based on the wholesale purchase of the following: beer, \$.115; Liquor-wine (21% alcohol or more), \$2.68; wine (less than 21% alcohol), \$.47; mixed beverages (14% or less), \$.47

FY90	\$35,247.4	FY94	\$33,974.9
FY91	\$33,593.8	FY95	\$33,590.2
FY92	\$33,831.6	FY96	\$33,847.8
FY93	\$33,224.5	FY97	\$33,942.4
		% CHANGE	0.3%

Auto Rental Excise

Based on the gross retail income from the rental of a vehicle weighing less than 11,000 pounds, for less than a 30-day period at a rate of 4%.

FY90	\$3,614.7	FY94	\$5403.0
FY91	\$4,528.0	FY95	\$6,282.9
FY92	\$4,464.8	FY96	\$6,981.3
FY93	\$5,008.4	FY97	\$7,836.8
		% CHANGE	12.3%

Charity Gaming Excise

Tax based on the sale of pull tabs, punchboards and tip boards to qualified organizations licensed for charity gaming at a rate of 10% of the wholesale price. Remitted by the licensed distributor or for charity gaming at a rate of 10% of the wholesale price. Remitted by the licensed distributor or manufacturer (not the organization).

FY90	---	FY94	\$ 780.5
FY91	--	FY95	\$ 967.7
FY92	--	FY96	\$1,008.1
FY93	\$ 581.0	FY97	\$1,194.3
		% CHANGE	18.5%

Cigarette/Other Tobacco

Levied against cartons or packs of cigarettes and cigarette papers, wrappers and tubes at the following rates: pack of 20 cigarettes, \$.155; pack of 25 cigarettes, \$.1375; other tobacco products, 15% of wholesale price.

FY90	\$112,739.4	FY94	\$113,380.3
FY91	\$110,113.7	FY95	\$123,025.6
FY92	\$111,363.1	FY96	\$123,720.2
FY93	\$110,278.4	FY97	\$128,420.3
		%CHANGE	3.8%

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Controlled Substance Excise

Imposes a tax on illegally delivered, manufactured or possessed controlled substances. (Prescription pharmaceuticals are exempt.) Tax based on the weight and schedule of substance. Rates vary from \$3.50 to \$40.00 per gram. Once paid, a taxpayer who can remain anonymous, is given a receipt for the tax which is valid for a specific time period. The payment of this tax does not legalize the controlled substance or the activity associated with it.

FY90	--	FY94	\$260.4
FY91	--	FY95	\$291.4
FY92	--	FY96	\$110.4
FY93	\$326.0	FY97	\$192.9
		%CHANGE	74.7%

Corporate Adjusted Gross Income

Based on all federal taxable business income with specific modifications at a rate of 3.4%

FY90	\$ 90,957.8	FY94	\$62,056.0
FY91	\$ 44,681.7	FY95	\$ 81,360.5
FY92	\$ 73,209.2	FY96	\$125,470.0
FY93	\$111,895.8	FY97	\$149,772.8
		%/CHANGE	19.4%

Corporate Gross Income

Based on all corporation business transactions within the State whether resident or nonresident corporations. Rate varies according to business type.

FY90	\$390,238.8	FY94	\$606,169.0
FY91	\$336,837.2	FY95	\$532,210.9
FY92	\$344,743.2	FY96	\$477,982.9
FY93	\$162,933.0	FY97	\$436,129.2
		%CHANGE	-8.8%

Corporate Supplemental Net Income

Based on the adjusted gross income less the greater of the amounts paid in Adjusted Gross Income Tax, Gross Income Tax or Premium Tax at a rate of 4.5%.

FY90	\$272,147.7	FY94	\$198,645.5
FY91	\$260,714.7	FY95	\$283,274.8
FY92	\$231,779.4	FY96	\$308,272.8
FY93	\$394,575.0	FY97	\$338,146.3
		%CHANGE	9.7%

County Adjusted Gross Income

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county which imposes the tax. Rates vary. (A county may adopt either the County Adjusted Gross Income Tax or the County Option Income Tax, but not both.)

FY90	\$180,589.5	FY94	\$236,400.0
FY91	\$178,896.0	FY95	\$228,824.4
FY92	\$184,570.8	FY96	\$236,047.2
FY93	\$194,984.4	FY97	\$243,561.6
		%CHANGE	3.2%

County Economic Development Income

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county which imposes the tax. Rates vary.

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County Economic Development Income (*continued*)

FY90	\$13,260.0	FY94	\$58,321.0
FY91	\$21,960.0	FY95	\$64,222.8
FY92	\$31,492.8	FY96	\$74,388.0
FY93	\$38,241.6	FY97	\$80,456.4
		%CHANGE	8.2%

County Innkeepers

Tax determined locally at a rate not to exceed 5% of the gross income derived from lodging income. Tax may either be collected by the Department or locally through the county treasurer's office.

FY90	\$14,309.6	FY94	\$12,671.5
FY91	\$13,288.6	FY95	\$14,248.6
FY92	\$12,908.8	FY96	\$14,973.1
FY93	\$13,121.4	FY97	\$15,600.7
		%CHANGE	4.2%

County Option Income

Tax determined locally for county residents or nonresidents whose principal place of employment is within a county which imposes the tax. Rates vary. (A county may adopt the County Option Income Tax or the County Adjusted Gross Income Tax, but not both.)

FY90	\$162,828.0	FY94	\$245,808.1
FY91	\$190,116.0	FY95	\$275,462.7
FY92	\$203,113.2	FY96	\$285,327.6
FY93	\$223,934.4	FY97	\$314,942.0
		%CHANGE	10.4%

Estate

Based on the difference between the State Death Tax Credit allowed at the federal level and the amount paid in state Inheritance Tax.

FY90	\$ 4,972.6	FY94	\$ 9,709.1
FY91	\$13,168.5	FY95	\$ 7,168.7
FY92	\$ 2,500.0	FY96	\$ 4,383.9
FY93	\$11,054.0	FY97	\$ 8,886.0
		%CHANGE	102.7%

Food and Beverage

Tax determined locally for purchases of food and beverages at a rate of 1% of retail sales price.

FY90	\$15,644.0	FY94	\$20,670.1
FY91	\$16,362.7	FY95	\$20,452.6
FY92	\$16,447.5	FY96	\$21,341.0
FY93	\$18,947.8	FY97	\$22,239.9
		%CHANGE	4.2%

Financial Institutions

Based on the federal adjusted gross income at a rate of 8.5% for businesses which are engaged in extending credit, leasing (when it is the economic equivalent of extending credit) or credit card operations.

FY90	\$ 16,292.5	FY94	\$108,077.2
FY91	\$ 62,731.4	FY95	\$100,742.9
FY92	\$ 74,372.1	FY96	\$122,142.0
FY93	\$100,425.6	FY97	\$100,682.9
		%CHANGE	-17.6%

Gasoline

Per gallon rate of \$.15 for all invoiced gallons of gasoline collected by the licensed distributor and added to the selling price.

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Gasoline (continued)

FY90	\$395,730.7	FY94	\$420,237.5
FY91	\$397,283.9	FY95	\$430,807.7
FY92	\$399,849.1	FY96	\$437,096.3
FY93	\$406,508.5	FY97	\$443,869.2
		%CHANGE	1.5%

Hazardous Waste Disposal

Based on the amount of hazardous waste (as defined by statute) placed in a disposal facility or by means of underground injection at a rate of \$11.50 per ton.

FY90	\$5,836.0	FY94	\$2,733.3
FY91	\$2,335.1	FY95	\$2,634.8
FY92	\$2,638.2	FY96	\$2,575.5
FY93	\$2,512.0	FY97	\$2,390.1
		%CHANGE	-7.2%

Individual Adjusted Gross Income

Based on the federal adjusted gross income with numerous "add backs" for individual residents, partners, stockholders in subchapter S Corporations, trusts, estates and nonresidents with Indiana income sources at a rate of 3.4%

FY90	\$2,089,540.4	FY94	\$2,541,895.1
FY91	\$2,183,972.1	FY95	\$2,767,743.1
FY92	\$2,246,760.5	FY96	\$2,966,265.7
FY93	\$2,412,471.9	FY97	\$3,197,117.8
		%CHANGE	7.8%

Inheritance

Based on the taxpayer class (transferee's relationship to deceased); property's taxable value; residency status; and situs of real and tangible property and intangible property.

FY90	\$62,313.0	FY94	\$ 88,604.6
FY91	\$68,364.1	FY95	\$ 98,886.3
FY92	\$84,469.5	FY96	\$ 93,767.2
FY93	\$91,146.7	FY97	\$106,470.1
		%CHANGE	13.5%

Marion County Admissions

Specific to admission to the RCA Dome in Indianapolis for any sporting event at a rate of 5% of the admission's price.

FY90	\$699.9	FY94	\$607.1
FY91	\$672.4	FY95	\$713.0
FY92	\$643.2	FY96	\$860.3
FY93	\$635.0	FY97	\$966.3
		%CHANGE	12.3%

Motor Carrier Fuel

Per gallon rate of \$.16 for all motor fuel used by commercial motor carriers operating on Indiana highways.

FY90	\$16,083.4	FY94	\$13,721.2
FY91	\$17,009.2	FY95	\$11,597.2
FY92	\$15,031.0	FY96	\$ 9,605.5
FY93	\$15,138.0	FY97	\$ 7,431.2
		%CHANGE	-22.6%

Motor Carrier Surcharge

Per gallon rate of \$.11 for all motor fuel used by commercial motor carriers operating on Indiana highways.

INDIANA DEPARTMENT OF REVENUE

Motor Carrier Surcharge *(continued)*

FY90	\$54,159.1	FY94	\$60,561.8
FY91	\$71,996.4	FY95	\$78,437.4
FY92	\$64,114.0	FY96	\$67,380.2
FY93	\$64,483.5	FY97	\$61,220.0
		%CHANGE	-9.1%

Motor Vehicle Excise

Specific compliance program authorized by statute aimed at locating vehicles owned by Indiana residents and registered illegally out of state thus avoiding State Vehicle Excise Tax. Based on the age and class of vehicle plus penalty and interest for the time period vehicle is illegally registered. (Except for this program, Motor Vehicle Excise Tax otherwise collected by the Bureau of Motor Vehicles.)

FY90	\$ 236.6	FY94	\$ 923.8
FY91	\$1,049.4	FY95	\$ 631.4
FY92	\$1,450.1	FY96	\$ 832.1
FY93	\$ 722.3	FY97	\$ 732.1
		%CHANGE	-12.0%

Parimutuel Admission

Imposed at \$.20 for each person who pays an admission charge to the racetrack grounds or satellite facility (*The following amounts have been verified by the Indiana Horse Racing Commission.*)

FY90	--	FY94	--
FY91	--	FY95	\$74.9
FY92	--	FY96	\$62.7
FY93	--	FY97	\$34.8
		%CHANGE	-44.5%

Parimutuel Wagering

A 2% levy imposed on the total amount of money wagered on line races and simulcasts conducted at a permit holder's racetrack. The tax is 2.5% of the total amount of money wagered on simulcasts from satellite facilities. (*The following amounts have been verified by the Indiana Horse Racing Commission.*)

FY90	--	FY94	--
FY91	--	FY95	\$1,397.7
FY92	--	FY96	\$3,211.9
FY93	--	FY97	\$3,450.2
		%CHANGE	7.4%

Petroleum Severance

Levied against producers or owners of crude oil or natural gas imposed at the time these products are removed from the ground at a rate equal to the greater of either 1% of the petroleum value, or \$.03 per 1,000 cubic feet for natural gas and \$.24 per barrel of oil.

FY90	\$795.7	FY94	\$696.4
FY91	\$802.5	FY95	\$653.2
FY92	\$762.5	FY96	\$574.0
FY93	\$694.7	FY97	\$614.9
		%CHANGE	7.1%

Public Utility (Railroad Car Companies/Railroads)

Based each year on assessments by the State Board of Tax Commissioners on the indefinite-situs distributable property of a railroad company that provides service within a commuter transportation district.

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Public Utility [Railroad Car Companies/Railroads] (continued)

FY90	\$3,342.3	FY94	\$4,267.1
FY91	\$3,541.4	FY95	\$4,440.6
FY92	\$3,546.6	FY96	\$4,894.7
FY93	\$3,944.7	FY97	\$5,077.9
		%CHANGE	3.7%

Riverboat Admissions

Specific to admission to any licensed riverboat on Indiana waterways at a rate of \$3.00 per person. Collection of this tax began December 1995.

FY90	--	FY94	--
FY91	--	FY95	--
FY92	--	FY96	\$ 4,597.7
FY93	--	FY97	\$56,262.5
		%CHANGE	1,123.7%

Riverboat Waging

A tax on 20% of a licensed riverboat's adjusted gross receipts, which are total wagers, less payouts, less uncollected gaming receivables. Collection of this tax began December 1995.

FY90	--	FY94	--
FY91	--	FY95	--
FY92	--	FY96	\$ 13,354.7
FY93	--	FY97	\$146,084.1
		%CHANGE	993.9%

Sales and Use

Rate of 5% on purchases of tangible personal property and public utility service and some renter transactions which is collected at the retail level (except for gasoline).

FY90	\$2,089,401.8	FY94	\$2,600,667.8
FY91	\$2,154,512.7	FY95	\$2,810,403.8
FY92	\$2,216,489.3	FY96	\$2,965,275.9
FY93	\$2,340,876.4	FY97	\$3,145,959.5
		%CHANGE	6.1%

Special Fuel

A license tax of sixteen cents (\$0.16) per gallon is imposed on all special fuel sold or used in producing or generating power for propelling motor vehicles.

FY90	\$ 95,712.3	FY94	\$125,911.3
FY91	\$ 95,633.3	FY95	\$124,399.8
FY92	\$ 94,888.3	FY96	\$143,727.0
FY93	\$ 108,162.2	FY97	\$169,594.0
		%CHANGE	24.3%

MISCELLANEOUS FEES:

Aircraft Registration Fee

All Indiana aircraft are required to be registered with the Aeronautics Section of the Compliance Division where an annual \$10 registration/transfer is collected. A fee of \$20 or 20% of the excise tax (whichever is greater) is charged on all late registrations. Also includes aircraft dealers, \$25/annual.

FY90	--	FY94	\$71.7
FY91	--	FY95	\$70.1
FY92	--	FY96	\$68.0
FY93	--	FY97	\$68.4
		%CHANGE	0.6%

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Charity Gaming Licensing Fee

Licensing fees for qualified organizations are \$25 for the first license. Second license for the same charity gaming activity is based on gross receipts of previous event. Annual license for distributors is \$2,000. Annual license for manufacturers is \$3,000.

FY90	--	FY94	\$2,557.5
FY91	--	FY95	\$3,264.7
FY92	\$ 184.5	FY96	\$3,635.1
FY93	\$1,582.1	FY97	\$3,997.2
		%CHANGE	10.0%

Employment Agency Licensing Fee

A person, firm or corporation opening, operating or maintaining an employment agency must pay an annual \$150 fee for each license.

FY90	\$41.7	FY94	\$35.2
FY91	\$39.5	FY95	\$40.2
FY92	\$36.3	FY96	\$42.2
FY93	\$33.8	FY97	\$37.7
		%CHANGE	-10.7%

Hazardous Chemical Fee

Annual fee imposed on a facility which must submit to the state an emergency and hazardous chemical inventory form. Fee is \$50, \$100, or \$200 depending on the volume of hazardous chemicals present at the facility during the year.

FY90	\$337.9	FY94	\$655.8
FY91	\$542.4	FY95	\$653.8
FY92	\$679.9	FY96	\$652.2
FY93	\$644.8	FY97	\$650.5
		%CHANGE	-0.3%

International Registration Plan (IRP) Licensing Fee

Licensing fee for motor carriers based on miles driven in specific jurisdictions. (Formerly administered by the Bureau of Motor Vehicles).

FY90	--	FY94	--
FY91	--	FY95	--
FY92	--	FY96	\$67,140.5
FY93	--	FY97	\$74,300.4
		%CHANGE	10.7%

Oversize /Overweight Permit Fee

Various categories of permits for motor carriers that are issued for different periods of time, based upon a vehicle's specific dimension and /or size and the travel activity. Fees can range from \$10.00 to over \$400.00. (Formerly administered by the Indiana Department of Transportation.)

FY90	--	FY94	--
FY91	--	FY95	--
FY92	--	FY96	\$3,701.8
FY93	--	FY97	\$9,844.3
		%CHANGE	165.9%

Solid Waste Management Fee

Imposed on the disposal or incineration of solid waste in a final disposal facility within the state at a rate of \$.50 per ton of waste generated in the state. For solid waste generated outside the state, the rate is the greater of \$.50 per ton or the cost per ton of disposing the solid waste, including the tipping fees and state and local government fees, in the final disposal facility that is closest to the area in which the solid waste was generated, minus the fee actually charged for the disposal or incineration of the solid waste by the owner or operator of the final disposal facility.

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Solid Waste Management Fee *(continued)*

FY90	--	FY94	\$3,421.0
FY91	\$1,232.3	FY95	\$3,789.6
FY92	\$2,539.1	FY96	\$3,850.6
FY93	\$3,896.1	FY97	\$4,494.4
		%CHANGE	16.7%

Underground Storage Tank

Annual registration fee imposed on the owner of an underground storage tank. Rates: \$90 for each underground petroleum storage tank; \$45 for each underground storage tank containing regulated substances other than petroleum. In addition to the annual fees, an owner of an underground storage tank also is required to pay an annual fee of \$200 for each underground storage tank owned by the owner.

FY90	--	FY94	\$7,564.4
FY91	\$8,908.3	FY95	\$8,344.3
FY92	\$8,039.3	FY96	\$6,580.6
FY93	\$7,000.5	FY97	\$8,481.2
		%CHANGE	28.9%

Waste Tire Management Fee

A \$.25 tire fee assessed on each new tire sold at retail and each new tire mounted on a vehicle at the time a vehicle is sold. Imposed on tires for self-propelled motor vehicles only.

FY90	--	FY94	\$ 869.2
FY91	--	FY95	\$1,304.1
FY92	--	FY96	\$1,266.7
FY93	--	FY97	\$1,333.2
		%CHANGE	5.2%

**NARRATIVE/STATISTICAL SUMMARY
FROM THE AUDIT PROCESS**

- Taxpayers Served in District Offices, p.42*
- Audit Division Special Projects, p.42-43*
- Statute/Rules Violated by Taxpayer, p.43-44*
 - Amount of Tax Involved, p.44-45*
 - Industry or Business of Taxpayers, p.45*
 - Number of Years in the Audit Period, p.46*
- The Use of Professional Tax Preparation Assistance by Taxpayers, p.46*
- Filing of Appropriate Tax Returns by Taxpayers, p.46*

The Narrative/Statistical Summary is based on 100% of the audits completed, taxpayers assisted and special projects conducted during Fiscal Year 1997. The information on the following pages addresses the requirements set forth by IC 6-8.1-14-4(2).

Taxpayers Served in District Offices

The Department’s Audit Division is responsible for promoting voluntary compliance throughout the state and the country in all Indiana tax areas through quality examinations/audits. In addition, this division also is responsible for *taxpayer services* handled in the 11 district offices (p. 8) located throughout Indiana.

Taxpayer assistance is available in all district offices. Each office has a district office manager who performs taxpayer service functions as well as other office responsibilities. Some offices have an assistant district office manager and/or a field investigator who supports taxpayer assistance. Field investigators also perform collection functions in their districts. Intermittent employees are available throughout the year to support taxpayer assistance.

The “Taxpayer Assistance Report” (Exhibit A) provides the number of taxpayers assisted (in person and by telephone) and the amount of money collected and assessed in each office. Exhibit A reveals during Fiscal Year 1997 district offices assisted 188,792 taxpayers in person and 287,498 taxpayers through telephone contact. Total taxpayers served by the district offices is 476,290. The district office in Kokomo served 45,624 taxpayers in person, the highest number of any district office. The South Bend District Office served 24,727 taxpayers in person, the second highest total.

The Merrillville District Office served 64,204 taxpayers by telephone while the Kokomo District Office served 55,934 taxpayers by telephone. This was the highest number of telephone contacts among the district offices, representing 22% and 19% respectively. The Kokomo District Office served a total of 101,568 taxpayers by telephone and walk-in assistance while Merrillville served 87,153 taxpayers by telephone and walk-in assistance.

The Kokomo District Office participated in a pilot program with the Internal Revenue Service during the Individual Income Tax filing period in 1997. An Internal Revenue Service employee was stationed at the Kokomo District Office to answer federal questions and help complete IRS returns. The publicity of this program accounted for some of the increased taxpayer assistance traffic at the Kokomo District Office.

“Taxpayer Assistance/Special Project Statistics” (Exhibit B) provides the number of hours devoted by field auditors in the district offices to assist taxpayers and conduct special projects. The exhibit reveals that 11,354 auditor hours were channeled in this direction.

Audit Division Special Projects

Two special projects pursued by the Audit Division during the 1997 Fiscal Year deserve mention: Project Comply III and Non Filer Project. Each are summarized below.

Project Comply III

This project commenced at the conclusion of Project Comply II and was conducted statewide. These audits identified candidates that were usually small and would normally not meet the criteria for a regular audit examination. The results of Project Comply III are:

Audits Completed	1,207
Assessments	\$1,613,524
Refunds	\$148,562
Average Hours Per Audit	18.8

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Non Filer Project

The Audit Division established a project to identify businesses that were not registered and not filing tax returns in Indiana. Information was analyzed to identify nonfiling business with results as follows:

Audits Completed	380
Assessments	\$1,245,271
Average Hours Per Audit	9.7

Statute/Rules Violated by Taxpayer

Exhibits C, D, and E, found on pages 54-67, contain the amounts of assessments (refunds) and violations of the gross income tax, sales tax, and adjusted gross income tax administrative rules, respectively. "Total assessments" for any tax type represent gross assessments less amounts refunded.

Gross Income Tax Violations

The most frequently violated gross income tax rule found in Exhibit C is 45 IAC 1-1-96. This rule defines gross receipts from services. Such receipts include all amounts charged for labor and expenses that form an integral part of the completion of the contract. Violations of this rule accounted for 12.76% of all violations of the gross income tax rules in the statistics. This also was the most frequently violated rule in the previous three studies, accounting for 14.84%, 12.26% and 12.07% of the violations during those fiscal years.

The second most frequently violated gross income tax rule is 45 IAC 1-1-8. This rule defines receipts to mean the entire gross income or gross receipts derived from all sources and which are actually or constructively received by a taxpayer, credited to the taxpayer or paid to a creditor by another party. This rule accounts for 6.69% of the violations of the gross income tax rules.

Ranking third in Exhibit C and accounting for 5.65% of the gross income tax rule violations is Rule 45 IAC 1-1-120. This rule defines taxable and nontaxable shipments of goods into Indiana from other states. This rule was the second most violated rule in the 1993, 1994 and 1996 studies.

Sales/Use Tax Violations

Analysis of Exhibit D and previous statistical studies reveals the three most violated sales and use tax rules are the same for fiscal years 1997, 1996 and 1995. The rules are shown below with their percentage of total violations for the three years.

		<u>1997</u>	<u>1996</u>	<u>1995</u>
Number one	45 IAC 2.2-3-4 1	8.87%	19.15%	29.22%
Number two	45 IAC 2.2-3-20	11.61%	13.77%	10.99%
Number three	45 IAC 2.2-5-8	10.71%	9.96%	9.44%

Rule 45 IAC 2.2-3-4 imposes use tax on "tangible personal property, purchases in Indiana, or elsewhere in a retail transaction, and stored, used, or otherwise consumed in Indiana . . . unless the Indiana state gross retail tax (sales tax) has been collected at the point of purchase." This rule was violated 775 times during the 1997 Fiscal Year.

Rule 45 IAC 2.2-3-20 states that if the seller of tangible personal property for storage, use, or consumption in Indiana fails to collect the appropriate tax, the purchaser of such property must remit use tax directly to the Department. This rule accounted for 477 violations for the 1997 Fiscal Year.

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The third most violated sales and use tax rule is 45 IAC 2.2-5-8. This rule clarifies the sales and use tax by providing examples of taxable and nontaxable sales of manufacturing machinery, tools, and equipment used in direct production and other activities. The failure of taxpayers to comply with this rule accounts for 440 of the 1997 Fiscal Year violations.

Corporate Adjusted Gross Income Tax Violations

Exhibit E reveals that corporate taxpayers violated adjusted gross income rule 45 IAC 3.1-1-97 more than any other rule. This rule addresses the returns and reports that must be filed by adjusted gross income tax withholding agents. Violations of this rule accounted for 22.14% of the total violations. This also was the most violated rule in the 1996 study and accounted for 18.87% of the total violations for the 1996 fiscal year.

Rule 45 IAC 3.1-1-8 was the second most frequently violated rule under this study. This rule states that “taxable income” as defined in the Internal Revenue Code is modified in several ways to arrive at Indiana adjusted gross income. These violations account for 17.35% of the total violations. This rule also was the second most frequently violated adjusted gross income tax rule in 1996 accounting for 15.9% of the total.

The third most frequently violated rule found in Exhibit E is 45 IAC 3.1-1-9. This rule deals with the adoption of modifications as defined in the Internal Revenue Code. More specifically, it allows a net operating loss as a deduction in computing Indiana Adjusted Gross Income (IRS Code Section 172). This rule accounts for 7.96% of the violations of adjusted gross income tax rules.

Amount of Tax Involved

The amount assessed for each of these violations and the percentage of the amount to total assessments is presented below:

Gross Income Tax:

	Amount Assessed	Percentage of All Assessments
45 IAC 1-1-96	\$1,404,593	15.93%
45 IAC 1-1-8	\$1,539,951	17.46%
45 IAC 1-1-120	\$594,674	6.74%

Sales/Use Tax:

	Amount Assessed	Percentage of All Assessments
45 IAC 2.2-3-4	\$4,324,560	26.35%
45 IAC 2.2-3-20	\$1,895,475	11.55%
45 IAC 2.2-5-8	\$1,387,078	8.45%

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Corporate Adjusted Gross Income Tax:

	Amount Assessed	Percentage of All Assessments
45 IAC 3.1-1-97	\$572,534	8.93%
45 IAC 3.1-1-8	\$279,094	4.35%
45 IAC 3.1-1-9	*(\$1,018,217)	

*Denotes Refund

Industry or Business of Taxpayers: Most Frequently In Violation

For the fifth consecutive time, taxpayers engaged in manufacturing most frequently violated the gross income tax rules. This group committed 140 violations or 29.29% of the total violations. The gross income tax rule most frequently violated by this group of taxpayers was 45 IAC 1-1-96. This rule defines gross receipts from services. Such receipts include all amounts charged for labor and expenses that form an integral part of the completion of a contract.

The second largest number of gross income tax violations was committed by taxpayers in wholesale and retail trade. This group committed 101 infractions or 21.13% of the total violations. Wholesalers and retailers were the second most frequent violators of these rules in the 1994 and 1996 study. Rule 45 IAC 1-1-120 was most frequently violated by this group of taxpayers during Fiscal Year 1997.

As in the previous six years, wholesalers and retailers were the most frequent violators of the sales and use tax rules. The statistics indicate 1,167 violations or 28.41% of the total sales and use tax violations. The rule most frequently violated by these taxpayers was 45 IAC 2.2-3-4. As previously noted, this was the most violated sales and use tax rule in the study.

Continuing the correlation to the previous six years, manufacturers were the second most frequent violators of the sales and use tax rules. There were 958 violations committed by this group representing 23.33% of the total violations. The rule most frequently violated by manufacturers was 45 IAC 2.2-5-8 which clarifies the sales and use tax by providing examples of taxable and nontaxable sales of manufacturing machinery, tools, and equipment used in direct production and other activities.

Manufacturers were the most frequent violators of the adjusted gross income tax rules. This statistic is consistent with the trend for 1993, 1994 and 1995. Manufacturers committed 321 infractions or 32.76% of the adjusted gross income tax violations.

Wholesalers and retailers, with 234 infractions, were the second most frequent violators of adjusted gross income tax rules. This figure represents 23.88% of the total adjusted gross income tax violations.

The rule most violated by the manufacturers was 45 IAC 3.1-1-8 which deals with IRS Code modifications to arrive at Indiana adjusted gross income. The wholesalers and retailers most violated rule was 45 IAC 3.1-1-97 which addresses returns and reports filed by adjusted gross income tax withholding agents.

Special Tax Violations

Exhibit F provides the number of special tax rule violations and the amounts of special tax assessments and refunds.

Article VII of the International Fuel Tax Agreement (IFTA) was the most frequently violated special tax item in the study. It specifies that all motor fuel acquired that is normally subject to consumption tax is taxable unless proof of the

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contrary is provided by the licensee. Article VII was violated 220 times and yielded \$146,701 in refunds for the State of Indiana. This represents 26.10% and 74.64% of total violations and total refunds, respectively.

The exhibit also reveals that IC 6-6-4.1-6 was the second most frequently violated section of the special tax statutes. This section states that a motor carrier is entitled to a credit against the motor carrier fuel tax if the carrier has met certain criteria. This section was violated 166 times accounting for 19.69% of the total violations. However, these violations resulted in assessments of \$32,402 and refunds of \$28,291.

The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles was the transportation industry. This group committed 471 violations accounting for 55.87% of the total infractions. Article VII of the International Fuel Tax Agreement was most frequently violated by the transportation industry.

Miscellaneous Taxes and Penalties

Exhibit G provides the number of violations and assessment amounts of the following:

Financial Institutions Tax
Penalty and Interest Assessments
Food and Beverage Tax
Innkeeper's Tax

A review of this exhibit reveals that IC 6-3-2-2 was violated 32 times. This code section addresses corporations and nonresidents adjusted gross income derived from sources within Indiana. These violations yielded \$1,352,277 in net assessments.

The 30 violations of IC 6-2.5-3-2, Imposition of Use Tax, yielded a total of \$112,627 in assessments.

Number of Years in the Audit Period

The audit period was three years.

The Use of Professional Tax Preparation Assistance by Taxpayers

The services of professional preparers were used in the preparation of 75.5% of the corporate income tax returns and 11% of the sales tax returns. These findings remain consistent with the previous years' reports.

Filing of Appropriate Tax Returns by Taxpayers

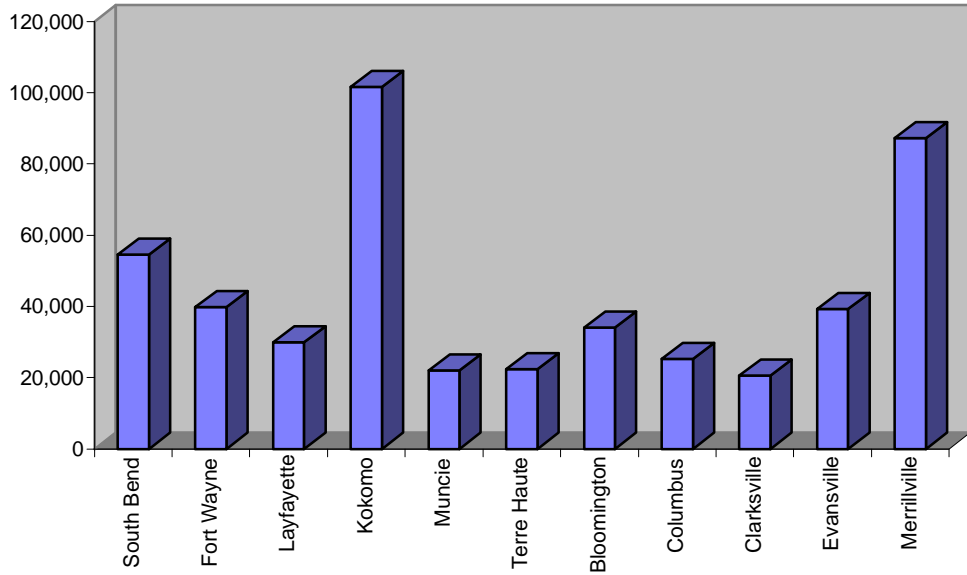
Rule 45 IAC 3.1-1-92 (Exhibit E) requires qualifying corporations to make estimated tax payments. Taxpayers in violation of this rule either failed to file estimated income tax returns or failed to remit the appropriate amount of tax. For the fiscal year ending in 1997, the study indicates 19 violations of this rule, resulting in net assessments in the amount of \$389,542.

Indiana Code 6-8.1-10-2.1 (Exhibit G) was violated 5 times. This section specifies the penalty to be imposed if a taxpayer fails to file an appropriate return or pay the full amount of tax due. Violations of this section in the previous year's report numbered 4.

Exhibit A	Taxpayer Assistance Report - Fiscal Year 96-97												
	Audit Division District Offices												
	South Bend	Fort Wayne	Lafayette	Kokomo	Muncie	Terre Haute	Bloomington	Columbus	Clarksville	Evansville	Merrillville	Totals	
Walk In Assistance	24,727	14,824	11,424	45,634	6,220	11,068	16,434	13,306	6,914	15,292	22,949	188,792	
Telephone Assistance	29,755	24,937	18,438	55,934	15,750	11,314	17,568	12,002	13,576	24,020	64,204	287,498	
Totals	54,482	39,761	29,862	101,568	21,970	22,382	34,002	25,308	20,490	39,312	87,153	476,290	
Collected/Assessed	1,663,402	835,222	583,637	2,154,860	1,100,490	381,507	1,073,512	595,032	954,192	1,132,963	1,874,584	12,349,401	

Exhibit B	Taxpayer Assistance/Special Project Statistics					
			Field Auditors			
		Regions				Total Hours
Region I	(South Bend, Fort Wayne, Merrillville)					3,488
Region II	(Lafayette, Kokomo, Muncie)					1,543
Region III*	(Indianapolis)					563
Region IV	(Terre Haute, Bloomington, Columbus, Clarksville, Evansville)					2,491
Region V	(Out Of State Auditors)					45
Region VI	(Special Tax Auditors)					3,224
		Totals				11,354
*Represents special projects only. Taxpayer assistance provided by						
Taxpayer Services Division						
This field auditor information was gathered using information from regional						
reports indicating hours charged to GA-30 number for ADM-Special Projects						
and ADM-TSD						

TAXPAYERS SERVED IN DISTRICT OFFICES



RECOMMENDATIONS FOR IMPROVING TAXPAYER COMPLIANCE

- Taxpayer's Concerns/Suggestions to Department, p.50*
- Improvements in Taxpayer Communication and Education, p.51*
- Increases in the Enforcement Capability of the Department, p. 51*
- Improvements in Training of Department Employees, p.52*

Taxpayer's Concerns/Suggestions to Department

The Indiana Department of Revenue's Annual Public Hearing, as specified by the Taxpayer Bill of Rights, was conducted Monday, June 23, 1997, in Indianapolis. State Revenue Commissioner Kenneth L. Miller presided.

The hearing's announcement was contained in the IT-40 Individual Income Tax Booklet. Taxpayers were provided the option of attending the hearing in person or providing the Department with their written comments.

The Department has reviewed the proposals and has reached the following conclusions:

Taxation of Pension Income

Two individuals attended the hearing to discuss their concerns about the State of Indiana taxing retirement income, specifically pensions. Both individuals had earned the income in neighboring states, retired to Indiana and have been surprised that Indiana taxes retirement pensions similar to any other type of income. In reviewing this issue, the Department has determined that any action would require a change in the existing statute, and therefore, require approval by the Indiana General Assembly. The Department also will need to study the fiscal impact.

Labels, Envelopes and Perforations

Numerous taxpayers wrote to complain of labels that would not stick, envelopes that fell apart and pages that refused to tear out of the 1996 IT-40. As one taxpayer wrote: "The quality of the label and envelope is very poor. I had to use scotch tape to affix the label to the form and to close the ends of the envelope to keep tax forms from falling out. Please inform your printer of this." The Department, in fact, also was dissatisfied with the product, contacted the printer regarding these issues and negotiated a reduction in the bill. Changes will be made in future printing contracts to guarantee similar problems do not arise.

Larger Areas to Complete Addresses and Calculations

For the most part, taxpayers did not like the newly-designed IT-40, which was redesigned for scanning and imaging. That is why slash marks were contained in the name and address field and distinct boxes for the income information. Larger boxes will be added next year. Not only will the boxes be larger, but commas will be added to make it more apparent where to begin writing dollar amounts.

Typewritten Forms

Many taxpayers either inquired about the ability to still utilize a typewriter in completing the IT-40, or assumed it was not possible. One taxpayer wrote: "Since you have obviously gone to such phenomenally painstaking difficulty to make the Indiana Income Tax Return impossible to fill out with a typewriter, don't you think you at least owe Indiana taxpayers the courtesy of disclosing that at the top of the form?" In fact, a typewriter can be used to complete the IT-40. Next year, however, the Department will make that known in the instructions. Taxpayers who called in during the tax season were informed that they could disregard the slash marks with a typewriter.

Additional Paperwork

Several taxpayers wrote and voiced their opinion that the previous years' IT-40s were simplistic and easy to use, much easier than the federal return. Now with the addition of schedules, taxpayers believe the state form is more difficult than the federal counterpart. Previously only one page had to be remitted. Now, they have to submit three pages: IT-40, Schedules 1 and 2, and the County Income Tax Schedule (CT-40). Next tax season, however, there will be less paperwork involved. Schedules 1 and 2, which are the credits and deductions, will now be combined on one page with Schedule CT-40 on the back. In addition, a new condensed form, IT-40EZ, has been created to target single and joint filers without dependents; this audience is the same as users of the federal tax form, 1040 EZ. The new IT-40 EZ will affect some 900,000 Indiana taxpayers.

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Improvements in Taxpayer Communication and Education

On July 1, 1996, the QFIT (Quality for Indiana Taxpayers Inc.) Resource Center for Business and Non-Profit Assistance opened in Indianapolis. The Department worked with the Indiana branch of the Internal Revenue Service (IRS), Indiana Workforce Development, State Board of Tax Commissioners, Indiana Bar Association - Tax Section, Indiana CPA Society, Indiana Society of Enrolled Agents, Indiana Society of Public Accounts, National Association of Tax Practitioners - Indiana Chapter, Indiana University, Purdue University and major Indiana corporations to help QFIT achieve this goal. The Center's major thrust is to provide expert tax assistance in regard to the numerous choices, elections and significant issues that are encountered when starting a business or nonprofit organization in Indiana. The Department supplies educational material, forms, publications and training to Center volunteers.

To compliment the VITA/TCE training handbook, a new training video was produced for the VITA volunteers. VITA/TCE stands for Volunteer Income Tax Assistors/Tax Care for the Elderly. The VITA/TCE program is a joint effort between the Indiana district branch of the IRS and the Department.

During the 1996 tax filing season, many taxpayers took the time to contact the Department with their concerns about the quality of the tax booklet and the redesigned tax forms. To further research recurring issues raised in many of these letters, a survey was organized through the Public Affairs Division. Three slightly different surveys were sent to user groups identified because of their extensive use of departmental forms or direct contact with taxpayers: professional tax practitioners, VITA volunteers, and department employees. All three surveys yielded similar results. The interesting and recurring suggestions are being reviewed for implementation in the 1997 tax forms to serve the taxpaying public and encourage their continued voluntary compliance.

The Department's website went on-line in July of 1996. In January of 1997, e-mail was established to allow taxpayers to ask questions, order pertinent tax forms or make suggestions to us. The response was overwhelming during the filing season. Frequently Asked Questions (FAQs) lists were compiled in March to create the Virtual Help Desk on the site. The FAQs will be used to revise certain form instructions for the 1998 filing season.

The Indiana TaxFax system's software was upgraded in May, 1997. During fiscal year 1997, the TaxFax system answered 29,079 calls and took orders for 36,385 documents.

Other projects geared towards improving taxpayer communication and education include: Tax Practitioner Institutes; QFIT Annual Seminar; The YES Program (form order request for banks, post offices and libraries); and the Speaker's Bureau which coordinated speakers on tax topics for professional membership organizations or non-profits. In addition, the Department and the Indiana district branch of the IRS also worked on a joint practitioner newsletter.

Increases in the Enforcement Capability of the Department

During fiscal year 1997, the Department recovered \$369,125.67 under the Levy Garnishment Program. This program provides a levy cross-match of all *exhausted* Individual Income Tax filers that interfaces with the Internal Revenue Service (IRS). The IRS provides the Department with a report of matched taxpayers and the Collection Division/Billings & Agent Section works these "outstanding" accounts. Correspondence is mailed to the taxpayer in an attempt to collect the taxes owed to the Department. If a response is not received within an established period of time, a levy is placed on the assets of the taxpayer, not the liability.

The Department worked with Marion County on a new project to issue tax warrants for the collection of money owed by Indiana taxpayers. The Marion County Tape Program provides clerk warrants on computer tape instead of paper. This new filing procedure is much more efficient and expedites the process of filing tax warrants with county clerk offices. Marion County is the first Indiana county to participate in this "tape" program, but other counties have shown great interest in utilizing this same procedure.

Improvements in Training of Department Employees

Personnel Division

The Department's Training Section in the Personnel Division taught 66 classes involving 1,104 Department personnel. These classes included:

- "The ABCs of Discrimination" - taught to more than 620 employees. ABC's refer to Affirmative Action, Equal Employment Opportunity, Americans With Disabilities Act, and Sexual Harassment.
- "Customer Service" - taught to 46 new employees.
- "Basic Ethics" - taught to 171 employees.

In addition, the Training Section has initiated two new courses for employees and supervisors. These classes are entitled: "Preventing Violence in the Workplace" and "Supervising Potentially Violent Employees". And, a series of *Update and Refresher Seminars* for supervisors have been conducted.

During fiscal year 1997, the Training Section successfully completed a number of tasks, including:

- Maintained an active Training Advisory Council;
- Coordinated efforts with other state agencies to develop curricula and jointly purchase necessary materials;
- Facilitated 26 supervisors in completing the requirements for Phases I, II, or III of the State's Leadership Institute;
- Maintained an active membership in the State Training and Development Alliance; and
- Administered the enrollment of Department employees in courses offered by State Personnel and other agencies or vendors.

Audit Division

During the second half of 1996, the Audit Division conducted four statewide teleconferences utilizing Indiana University's distance learning system. Field auditors from all 11 in-state district offices and the Indianapolis headquarters attended the teleconferences at sites near their district offices. Topics addressed during the teleconferences covered a range of sales, income, and special tax technical issues, as well as administrative matters.

Seven sites had two-way video and two-way audio communications. Five sites had two-way audio, but only one-way video; specifically, the auditors at these sites could see the presenter, but the presenter could not see them. While the distance learning system may hold promise for the Audit Division in the future, various technical difficulties prompted the abandonment of this approach to training after 1996.

A training conference for the Audit Division's out-of-state field auditor staff was held in Indianapolis during October, 1996. Topics such as financial institutions tax, sales and use taxes and computer-based auditing were addressed.

Early in 1997, the decision was made to establish an integrated training program for newly hired field auditors and a limited number of volunteer auditors already on staff. This program provides training in sales and use taxes, income taxes, and the special taxes. Prior to implementing the integrated training program, all field auditors were trained in either sales and income taxes or the special taxes. While this program was only recently instituted, responses from the participating auditors have been favorable.

In June 1997, a meeting of in-state field audit supervisors was held in Indianapolis. Updates of activities in the Compliance Division and decisions of the Indiana Tax Court were among the topics discussed.

AUDIT EXHIBITS:

The following pages (54-67) feature Exhibits C, D, and E which display the amounts of assessments (refunds) and violations of the gross income tax, sales tax, and adjusted gross income tax administrative rules, respectively. "Total assessments" for any tax type represent gross assessments less amounts refunded.

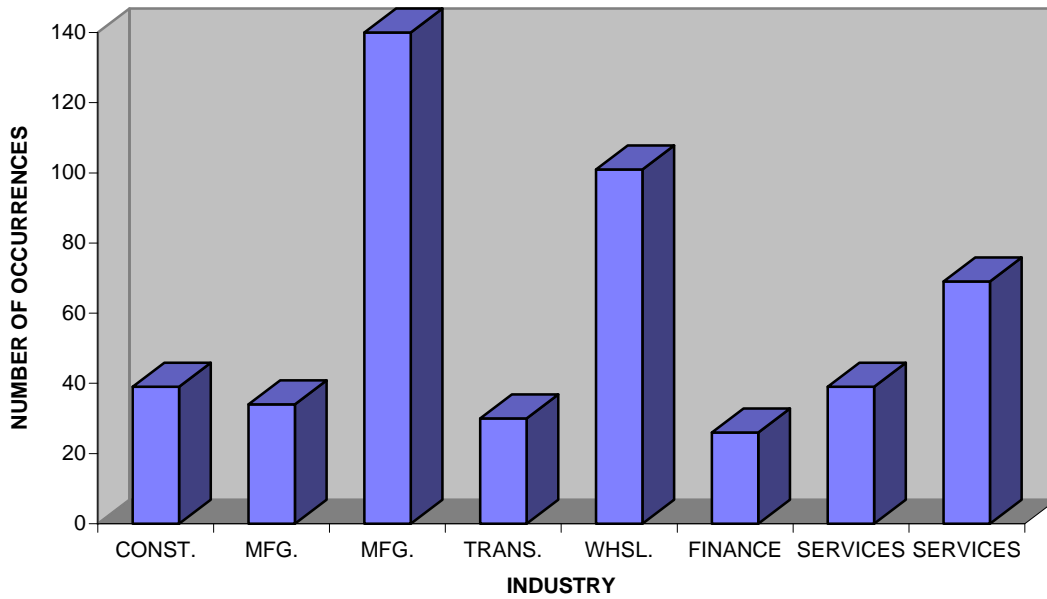
DOLLARS ASSESSED IN 45 IAC CITATIONS BY INDUSTRIAL CODE
GROSS INCOME TAX AUDITS

EXHIBIT C	CONST.	MFG.	MFG.	TRANS.	WHSL.	FINANCE	SERVICES	SERVICES	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
45 IAC 1-1-10	94,229	-	11,208	-	-	181	-	-	105,618
45 IAC 1-1-100	22,332	-	220	-	-	-	15,207	913	38,672
45 IAC 1-1-101	107,662	-	3,299	-	-	-	10,714	-	121,675
45 IAC 1-1-102	24,266	-	-	-	-	-	-	-	24,266
45 IAC 1-1-105	-	-	-	-	-	-	-	3,819	3,819
45 IAC 1-1-107	1,486	2,490	678,014	270	32,600	-	9,912	8,819	733,591
45 IAC 1-1-11	-	-	-	-	-	-	12,124	-	12,124
45 IAC 1-1-110	-	-	4,084	-	-	-	-	-	4,084
45 IAC 1-1-112	745	10	4,633	-	15,465	237	-	8,732	29,822
45 IAC 1-1-115	4,520	-	-	-	-	-	-	-	4,520
45 IAC 1-1-116	-	-	(48)	-	-	-	-	-	(48)
45 IAC 1-1-118	-	-	(261)	-	-	-	(250)	(549)	(1,060)
45 IAC 1-1-119	436	85,565	306,967	(507,209)	102,605	5,769	-	20,063	14,196
45 IAC 1-1-120	(1,585)	32,650	408,185	-	24,472	-	-	126,400	590,122
45 IAC 1-1-120	-	-	-	-	4,552	-	-	-	4,552
45 IAC 1-1-121	357,518	-	9,421	-	38,914	-	1,349	(104,904)	302,298
45 IAC 1-1-122	-	-	-	-	4,231	-	-	-	4,231
45 IAC 1-1-123	-	-	-	7,421	-	-	-	-	7,421
45 IAC 1-1-124	-	619,223	-	807	-	-	-	-	620,030
45 IAC 1-1-128	-	-	-	-	4,261	-	-	-	4,261
45 IAC 1-1-13	3,600	-	3,630	-	(17,677)	-	-	-	(10,447)
45 IAC 1-1-134	-	-	136,781	-	-	-	-	-	136,781
45 IAC 1-1-14	-	-	4,501	-	23,742	-	-	22,854	51,097
45 IAC 1-1-15	2,210	8,000	40,975	-	6,518	-	-	-	57,703
45 IAC 1-1-151	-	-	-	29,932	5,000	-	(152)	-	34,780
45 IAC 1-1-155	-	(1,500)	-	-	-	-	-	-	(1,500)
45 IAC 1-1-159	-	-	-	-	-	-	-	5,621	5,621
45 IAC 1-1-159.1	-	-	19,412	-	-	-	-	-	19,412
45 IAC 1-1-163	-	-	32,240	-	-	-	-	-	32,240
45 IAC 1-1-166	(17,100)	-	-	8,129	1,464	718	-	-	(6,789)
45 IAC 1-1-17	800	1,090	26,924	1,435	176,073	(14,269)	342,265	213,773	748,091
45 IAC 1-1-171	-	-	(589)	-	552	-	-	-	(37)
45 IAC 1-1-172	-	(8,000)	(11,235)	-	(15,800)	-	(500)	-	(35,535)
45 IAC 1-1-176	-	-	13,340	-	-	-	-	-	13,340
45 IAC 1-1-18	-	-	2,400	-	-	-	-	-	2,400
45 IAC 1-1-19	-	-	(260)	-	165	-	-	-	(95)
45 IAC 1-1-20	-	-	9,705	-	-	-	-	-	9,705
45 IAC 1-1-21	-	60,908	1,183	3,069	22,112	972	-	1,591	89,835
45 IAC 1-1-213	4,521	88,072	3,006	1,537	108,412	-	6,475	3,224	215,247
45 IAC 1-1-216	-	-	295	-	5,900	-	-	-	6,195
45 IAC 1-1-22	-	1,741	82,072	-	3,243	-	1,618	-	88,674

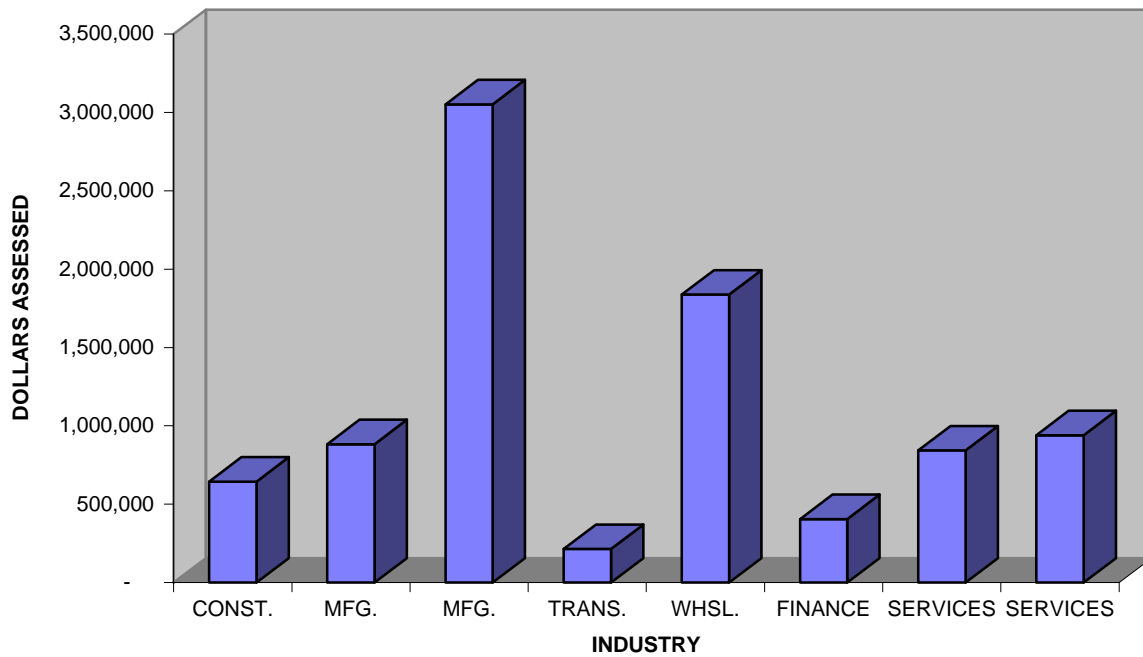
DOLLARS ASSESSED IN 45 IAC CITATIONS BY INDUSTRIAL CODE
GROSS INCOME TAX AUDITS

EXHIBIT C	CONST.	MFG.	MFG.	TRANS.	WHSL.	FINANCE	SERVICES	SERVICES	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
45 IAC 1-1-24	-	-	2,500	-	-	-	-	-	2,500
45 IAC 1-1-25	-	-	(632)	-	-	-	-	-	(632)
45 IAC 1-1-26	352	-	12,112	-	62	-	-	(115)	12,411
45 IAC 1-1-28	2,750	-	15,615	22,263	64,563	4,504	-	216,795	326,490
45 IAC 1-1-29	-	-	-	4,000	180	6,035	-	-	10,215
45 IAC 1-1-30	-	-	9,768	-	-	-	-	-	9,768
45 IAC 1-1-31	-	-	-	-	-	540	-	-	540
45 IAC 1-1-32	-	-	446	-	-	166,367	-	-	166,813
45 IAC 1-1-33	-	467	-	-	-	(204)	-	-	263
45 IAC 1-1-34	-	-	-	220,609	(16,951)	-	(2,582)	-	201,076
45 IAC 1-1-38	-	-	-	-	-	-	-	785	785
45 IAC 1-1-4	-	-	-	-	727	-	-	-	727
45 IAC 1-1-47	-	-	4,348	-	(2,374)	-	-	-	1,974
45 IAC 1-1-48	-	-	-	-	-	-	-	4,240	4,240
45 IAC 1-1-49	4,816	3,777	57,702	-	-	-	-	9,181	75,476
45 IAC 1-1-51	-	(46,333)	131,975	-	-	-	6,151	(5,813)	85,980
45 IAC 1-1-52	-	-	-	3,058	-	282	(4,286)	211	(735)
45 IAC 1-1-54	(2,687)	-	-	153,012	-	-	92	52,606	203,023
45 IAC 1-1-59	-	-	-	240	-	-	-	-	240
45 IAC 1-1-75	-	-	10,000	-	-	-	-	-	10,000
45 IAC 1-1-77	-	-	-	-	(1,318)	-	-	-	(1,318)
45 IAC 1-1-79	-	109,542	-	-	-	-	-	-	109,542
45 IAC 1-1-8	6,122	(3,064)	57,337	178,701	951,034	58,853	292,475	(1,507)	1,539,951
45 IAC 1-1-83	-	-	-	-	185,695	-	-	-	185,695
45 IAC 1-1-84	(49,583)	(25,668)	37,450	-	(5,486)	71,936	-	2,905	31,554
45 IAC 1-1-86	-	(52,728)	18,717	-	77,530	67,973	-	238,078	349,570
45 IAC 1-1-87	-	-	-	9,951	-	-	-	-	9,951
45 IAC 1-1-88	-	2,916	55,055	(21,997)	6,000	(783)	200	(56,543)	(15,152)
45 IAC 1-1-9	4,236	3,575	-	(20,822)	1,257	-	-	468	(11,286)
45 IAC 1-1-93	-	-	-	-	-	-	(2,900)	-	(2,900)
45 IAC 1-1-94	-	-	-	12,865	-	-	(4,223)	-	8,642
45 IAC 1-1-95	-	-	7,293	-	-	-	-	-	7,293
45 IAC 1-1-96	72,755	178	834,984	106,683	28,855	33,057	159,580	168,501	1,404,593
45 IAC 1-1-97	-	-	6,698	-	914	2,668	-	-	10,280
45 IAC 1-1-99	-	-	265	-	-	-	-	-	265
Grand Total	644,401	882,911	3,051,735	213,954	1,837,492	404,836	843,269	940,148	8,818,745

GROSS INCOME TAX VIOLATIONS BY INDUSTRY GROUP



GROSS INCOME TAX DOLLARS ASSESSED BY INDUSTRY GROUP



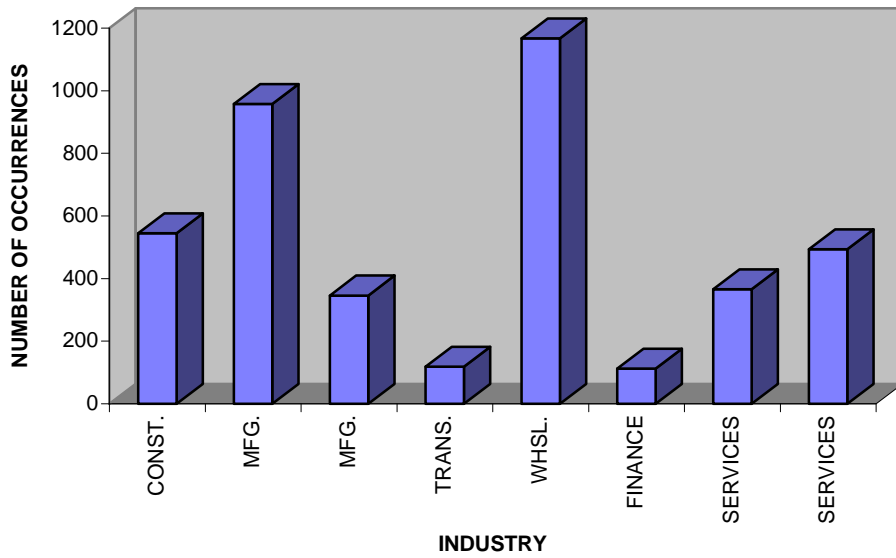
DOLLARS ASSESSED IN 45 IAC CITATIONS BY INDUSTRIAL CODE
SALES/USE TAX AUDITS

EXHIBIT D	CONST.	MFG.	MFG.	TRANS.	WHSL.	FINANCE	SERVICES	SERVICES	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
45 IAC 2-2-3-13	-	4,750	-	-	-	-	-	-	4,750
45 IAC 2-2-3-20	-	-	-	-	1,312	-	-	-	1,312
45 IAC 2.1-1-97	-	-	-	-	1,100	-	-	-	1,100
45 IAC 2.2-1-1	1,543	100	9,373	-	76,461	-	-	23,440	110,917
45 IAC 2.2-1-13	-	-	(2,000)	-	-	-	-	-	(2,000)
45 IAC 2.2-1-2	-	(75,000)	-	-	-	-	-	-	(75,000)
45 IAC 2.2-2-1	6,641	30,061	777	3,504	113,706	-	390,400	27,255	572,344
45 IAC 2.2-2-18	-	-	-	-	-	-	-	980	980
45 IAC 2.2-2-2	27,598	20,773	340,537	6,392	234,318	10,459	77,536	59,537	777,150
45 IAC 2.2-2-21	-	-	-	-	-	-	-	612	612
45 IAC 2.2-2-27	-	-	-	-	-	(655)	-	-	(655)
45 IAC 2.2-2-3	80,204	-	9,057	-	6,983	-	(20,768)	-	75,476
45 IAC 2.2-3-1	-	-	-	594	2,345	-	-	-	2,939
45 IAC 2.2-3-10	14,929	-	1,759	-	-	-	-	-	16,688
45 IAC 2.2-3-11	1,042	-	-	-	-	-	-	-	1,042
45 IAC 2.2-3-12	205,943	14,416	5,990	4,760	17,123	-	-	31,730	279,962
45 IAC 2.2-3-13	1,929	3,468	7,301	32,367	10,430	6,511	14,218	19,056	95,280
45 IAC 2.2-3-14	(18,365)	(45,472)	(6,594)	-	-	-	(25,943)	-	(96,374)
45 IAC 2.2-3-15	24,930	31,364	5,974	187	72,190	-	16,225	8,749	159,619
45 IAC 2.2-3-16	-	(9,858)	-	-	-	-	-	-	(9,858)
45 IAC 2.2-3-18	(1,653)	10,207	1,120	-	-	7,965	200	42,174	60,013
45 IAC 2.2-3-19	-	-	-	-	993	-	-	3,157	4,150
45 IAC 2.2-3-2	-	(4,192)	2,291	-	-	-	-	-	(1,901)
45 IAC 2.2-3-20	146,949	160,803	237,598	189,694	540,318	104,155	244,604	269,668	1,893,789
45 IAC 2.2-3-20.	-	-	-	-	374	-	-	-	374
45 IAC 2.2-3-21	590	2,189	-	-	176,670	-	-	-	179,449
45 IAC 2.2-3-22	-	-	-	-	2,648	-	-	-	2,648
45 IAC 2.2-3-24	1,809	-	782	6,239	17,136	-	-	380	26,346
45 IAC 2.2-3-25	971	-	14,363	-	4,831	-	3,814	-	23,979
45 IAC 2.2-3-27	758	-	940	-	1,283	-	17,667	1,871	22,519
45 IAC 2.2-3-3	718	5,700	-	-	10,517	-	-	-	16,935
45 IAC 2.2-3-36	-	-	-	-	1,596	-	-	-	1,596
45 IAC 2.2-3-4	207,140	798,981	634,745	76,168	963,942	181,282	283,743	1,178,434	4,324,435
45 IAC 2.2-3-4.	-	-	-	-	125	-	-	-	125
45 IAC 2.2-3-5	4,987	3,033	2,139	1,709	87,001	-	68,645	1,970	169,484
45 IAC 2.2-3-6	-	-	-	-	-	-	-	4,525	4,525
45 IAC 2.2-3-7	348,335	-	-	-	-	-	7,516	-	355,851
45 IAC 2.2-3-7.	3,034	-	-	-	-	-	-	-	3,034
45 IAC 2.2-3-8	17,644	15,969	(4,894)	-	10,238	2,200	4,825	800	46,782
45 IAC 2.2-3-9	296,473	661	61,061	4,905	11,852	-	36,099	43,070	454,121
45 IAC 2.2-4-1	97,632	4,884	216,277	23,341	403,312	1,829	79,532	58,034	884,841
45 IAC 2.2-4-12	-	-	1,716	-	-	-	-	-	1,716
45 IAC 2.2-4-13	(43,000)	(55,250)	(272,353)	24,504	(1,745)	4,840	(719)	(1,586)	(345,309)
45 IAC 2.2-4-14	-	-	-	21,760	-	-	-	-	21,760
45 IAC 2.2-4-17	-	-	-	-	-	-	-	600	600
45 IAC 2.2-4-18	-	-	-	-	-	19	-	-	19
45 IAC 2.2-4-2	6,638	(76,801)	(41,955)	(287,719)	39,256	-	27,818	59,020	(273,743)
45 IAC 2.2-4-20	-	-	(7,287)	-	-	-	-	-	(7,287)
45 IAC 2.2-4-21	2,595	26,800	33,336	247	27,995	4,756	-	1,069	96,798
45 IAC 2.2-4-22	51,829	1,931	2,651	-	(6,880)	-	-	(16,064)	33,467
45 IAC 2.2-4-23	5,773	-	-	-	902	-	-	-	6,675
45 IAC 2.2-4-24	73,715	-	2,020	-	-	-	52,661	-	128,396
45 IAC 2.2-4-25	3,477	-	-	-	-	-	894	-	4,371
45 IAC 2.2-4-26	118,031	-	4,090	-	7,621	1,609	6,310	21,883	159,544
45 IAC 2.2-4-27	149,109	341,840	119,302	46,850	199,363	30,984	44,937	73,494	1,005,879
45 IAC 2.2-4-28	6,819	-	507	-	5,186	810	-	3,587	16,909
45 IAC 2.2-4-3	(1,426)	-	(5,507)	-	83,207	-	-	-	76,274
45 IAC 2.2-4-30	-	-	-	-	-	-	(34,000)	-	(34,000)
45 IAC 2.2-4-4	-	-	-	-	-	-	425	-	425
45 IAC 2.2-4-6	-	-	-	-	222	-	-	16,460	16,682
45 IAC 2.2-4-7	-	-	-	-	64,000	-	-	-	64,000
45 IAC 2.2-4-8	-	-	9,975	2,263	1,502	-	180,048	19,399	213,187
45 IAC 2.2-4-9	-	538	-	-	5,289	-	-	5,450	11,277
45 IAC 2.2-5-1	-	-	-	-	1,498	-	-	-	1,498
45 IAC 2.2-5-10	(4,051)	(32,823)	185,888	463	29,441	24,977	-	500	204,395
45 IAC 2.2-5-11	-	(15,162)	(341)	-	2,300	-	-	-	(13,203)

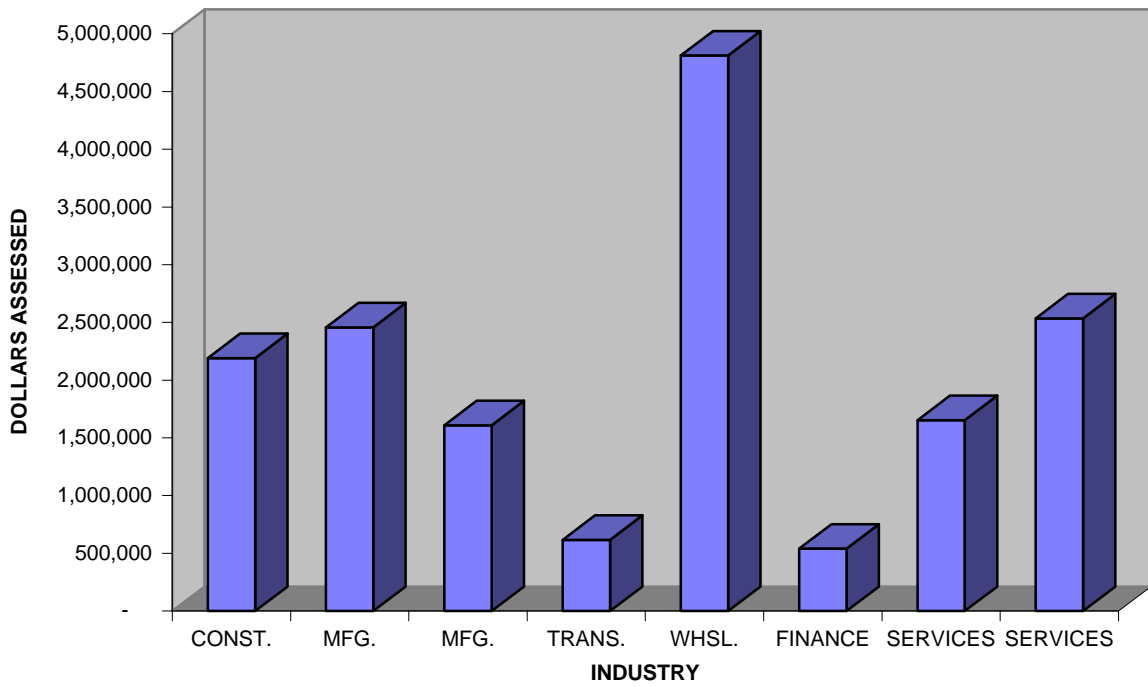
DOLLARS ASSESSED IN 45 IAC CITATIONS BY INDUSTRIAL CODE
SALES/USE TAX AUDITS

EXHIBIT D	CONST.	MFG.	MFG.	TRANS.	WHSL.	FINANCE	SERVICES	SERVICES	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
45 IAC 2.2-5-12	5,178	15,860	(6,173)	121	(14,013)	-	1,635	825	3,433
45 IAC 2.2-5-13	-	-	2,075	-	12,700	-	-	-	14,775
45 IAC 2.2-5-14	-	33,780	(85,322)	441	(735)	(170)	-	(67)	(52,073)
45 IAC 2.2-5-149	-	-	290	-	-	-	-	-	290
45 IAC 2.2-5-15	(19,393)	-	(28,350)	-	2,324	(9,626)	(15,716)	70,162	(599)
45 IAC 2.2-5-16	-	27,676	14,568	2,029	246,445	-	(140)	5,829	296,407
45 IAC 2.2-5-18	-	-	-	51,394	-	-	-	-	51,394
45 IAC 2.2-5-19	-	-	-	(1,822)	-	-	-	-	(1,822)
45 IAC 2.2-5-20	-	112	-	44,000	-	-	-	-	44,112
45 IAC 2.2-5-22	-	-	1,835	-	-	-	-	-	1,835
45 IAC 2.2-5-25	-	-	-	-	1	-	4,072	-	4,073
45 IAC 2.2-5-26	3,090	7,808	12,144	2,640	4,463	9,640	1,776	10,542	52,103
45 IAC 2.2-5-27	-	-	807	-	(291)	-	-	1,600	2,116
45 IAC 2.2-5-28	-	-	4,287	-	-	-	-	25,859	30,146
45 IAC 2.2-5-29	-	-	-	-	-	-	-	260	260
45 IAC 2.2-5-3	-	2,500	4,020	816	-	-	-	-	7,336
45 IAC 2.2-5-34	-	-	-	-	(114)	-	-	-	(114)
45 IAC 2.2-5-35	-	-	-	-	-	-	-	6,284	6,284
45 IAC 2.2-5-36	-	-	-	-	-	-	-	134,570	134,570
45 IAC 2.2-5-38	-	-	3,068	-	277	-	5,061	-	8,406
45 IAC 2.2-5-39	-	-	(641)	-	51,954	-	-	(683)	50,630
45 IAC 2.2-5-4	-	(9,010)	1,782	-	9,206	-	-	-	1,978
45 IAC 2.2-5-40	-	-	870	6,909	34,545	307	491	10,521	53,643
45 IAC 2.2-5-42	-	2,136	2,868	-	8,636	-	-	340	13,980
45 IAC 2.2-5-43	-	921	25,781	-	46,811	13,197	751	11,459	98,920
45 IAC 2.2-5-45	-	-	1,227	-	280	1,279	716	1,643	5,145
45 IAC 2.2-5-48	-	-	-	-	1,333	-	-	-	1,333
45 IAC 2.2-5-5	-	928	-	-	-	-	-	-	928
45 IAC 2.2-5-53	-	-	-	-	(2,869)	-	-	-	(2,869)
45 IAC 2.2-5-54	-	-	(96,985)	-	-	(17,500)	-	2,100	(112,385)
45 IAC 2.2-5-55	-	-	-	-	-	-	-	(410)	(410)
45 IAC 2.2-5-6	-	452	39,676	-	10,435	-	-	5,870	56,433
45 IAC 2.2-5-61	11,700	-	18,456	34,372	(656)	59,974	-	-	123,846
45 IAC 2.2-5-62	-	-	764	10,979	-	1,224	-	-	12,967
45 IAC 2.2-5-63	-	-	-	(4,134)	-	-	-	-	(4,134)
45 IAC 2.2-5-7	-	-	(1,540)	-	1,503	-	-	-	(37)
45 IAC 2.2-5-70	1,160	-	472	-	1,245	-	-	(514)	2,363
45 IAC 2.2-5-8	40,689	1,182,041	(221,692)	(2,000)	307,881	-	12,526	67,633	1,387,078
45 IAC 2.2-5-9	241,563	-	8,246	-	-	-	-	-	249,809
45 IAC 2.2-6-1	4,724	3,070	30,614	44,707	195,161	-	97,048	90,585	465,909
45 IAC 2.2-6-10	849	-	-	-	-	-	-	-	849
45 IAC 2.2-6-12	(148)	-	-	(290)	78,824	-	-	(3,446)	74,940
45 IAC 2.2-6-14	2,215	3,681	(39)	101	(568)	(263)	(1,111)	83	4,099
45 IAC 2.2-6-15	(85)	-	-	3,190	-	-	-	-	3,105
45 IAC 2.2-6-16	-	-	-	70,030	-	-	-	-	70,030
45 IAC 2.2-6-26	328	-	-	-	-	640	-	370	1,338
45 IAC 2.2-6-4	-	-	-	-	604	-	-	-	604
45 IAC 2.2-6-8	35,436	43,771	160,387	60,635	378,647	99,155	50,493	103,946	932,470
45 IAC 2.2-7-4	-	-	(1,461)	-	-	-	-	-	(1,461)
45 IAC 2.2-7-6	-	-	-	-	9,115	-	-	-	9,115
45 IAC 2.2-7-7	-	-	-	-	(2,741)	-	-	-	(2,741)
45 IAC 2.2-8-1	-	-	15,858	-	-	-	148	-	16,006
45 IAC 2.2-8-12	22,714	(22,645)	116,079	-	198,860	848	17,667	26,577	360,100
45 IAC 2.2-8-16	-	-	-	134,248	-	-	-	-	134,248
45 IAC 2.2-8-4	-	-	590	-	25	-	-	-	615
45 IAC 2.2-9-4	239	-	-	-	4,285	189	590	4,128	9,431
45 IAC 2.2-9-5	-	-	13,641	-	510	-	-	-	14,151
Grand Total	2,191,549	2,456,991	1,608,840	616,594	4,812,044	540,635	1,652,694	2,535,320	16,414,668

SALES/USE TAX VIOLATION OCCURRENCES BY INDUSTRY GROUP



SALES/USE TAX DOLLARS ASSESSED BY INDUSTRY GROUP



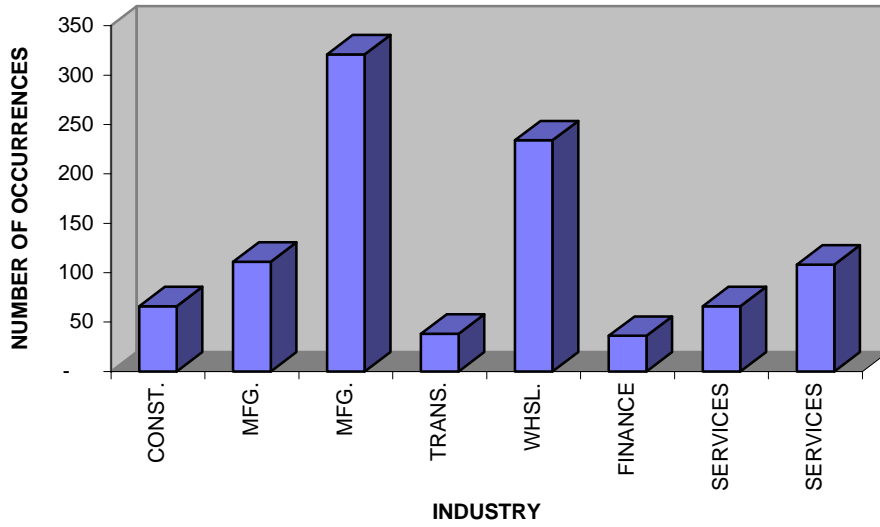
DOLLARS ASSESSED IN 45 IAC CITATIONS BY INDUSTRIAL CODE
ADJUSTED GROSS INCOME TAX AUDITS

EXHIBIT E	CONST.	MFG.	MFG.	TRANS.	WHSL.	FINANCE	SERVICES	SERVICES	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
45 IAC 3.1-1-1	(2,955)	-	14,319	-	5,247	-	3,247	17,241	37,099
45 IAC 3.1-1-100	-	-	-	-	2,000	-	305	-	2,305
45 IAC 3.1-1-101	286	9,704	562	93	(226)	-	326	-	10,745
45 IAC 3.1-1-103	-	-	-	-	(150)	-	-	-	(150)
45 IAC 3.1-1-107	-	-	-	-	-	-	-	1,519	1,519
45 IAC 3.1-1-108	-	-	-	-	-	-	4,978	-	4,978
45 IAC 3.1-1-109	418	3,705	18,230	-	389	-	2,647	555	25,944
45 IAC 3.1-1-110	13,674	20,728	-	-	8,377	-	-	-	42,779
45 IAC 3.1-1-111	-	-	-	-	-	(29,890)	-	-	(29,890)
45 IAC 3.1-1-120	-	-	-	-	10,138	-	-	-	10,138
45 IAC 3.1-1-15	-	-	30,500	-	-	-	-	-	30,500
45 IAC 3.1-1-152	-	5,900	-	-	-	22,936	-	-	28,836
45 IAC 3.1-1-153	-	30,650	1,134	-	-	86,026	-	(30,013)	87,797
45 IAC 3.1-1-157	-	-	-	-	(116)	-	-	-	(116)
45 IAC 3.1-1-18	-	-	3,728	-	-	-	-	-	3,728
45 IAC 3.1-1-197	-	-	1,805	-	-	-	-	-	1,805
45 IAC 3.1-1-2	-	586	219,613	3,515	-	-	14,459	4,999	243,172
45 IAC 3.1-1-25	-	-	27,179	-	-	-	-	-	27,179
45 IAC 3.1-1-29	1,068	422,105	136,834	-	367,977	1,056	20,673	16,450	966,163
45 IAC 3.1-1-3	-	-	8,400	-	955	-	(475)	-	8,880
45 IAC 3.1-1-30	-	-	2,000	-	-	-	-	-	2,000
45 IAC 3.1-1-31	-	585	(179,859)	3,800	3,845	-	2,838	-	(168,791)
45 IAC 3.1-1-34	-	980	(49,900)	-	-	-	-	(394)	(49,314)
45 IAC 3.1-1-37	-	(192)	71,705	-	15,534	(375,913)	-	-	(288,866)
45 IAC 3.1-1-38	-	(1,418)	-	-	(4,210)	-	-	(4,586)	(10,214)
45 IAC 3.1-1-39	2,257	9,027	3,133	(24,571)	4,592	376	(31,117)	-	(36,303)
45 IAC 3.1-1-40	-	(338)	1,378	-	(513)	-	-	1,623	2,150
45 IAC 3.1-1-41	41,975	24,454	6,745	-	-	-	-	56	73,230
45 IAC 3.1-1-43	-	-	5,976	-	42,400	-	-	-	48,376
45 IAC 3.1-1-44	200	(1,688)	-	-	(801)	-	-	(254)	(2,543)
45 IAC 3.1-1-45	-	2,201	278	-	200	2,463	-	-	5,142
45 IAC 3.1-1-46	-	(83)	493	-	-	-	-	-	410
45 IAC 3.1-1-47	669	-	-	7,209	220	(10,100)	-	675	(1,327)
45 IAC 3.1-1-48	-	-	(3,946)	-	(1,099)	-	-	-	(5,045)
45 IAC 3.1-1-49	(215)	18,097	-	1,006	-	-	-	8,147	27,035
45 IAC 3.1-1-5	116	11,833	12,627	(1,508)	36,392	1,532	187	6,361	67,540
45 IAC 3.1-1-50	135	21,701	(11,044)	2,960	(1,014)	-	(1,340)	1,176	12,574
45 IAC 3.1-1-51	4,672	12,383	113,538	715	(4,135)	1,550	-	291	129,014
45 IAC 3.1-1-52	(2,552)	28,889	58,843	2,973	3,379	-	7,696	(5,546)	93,682

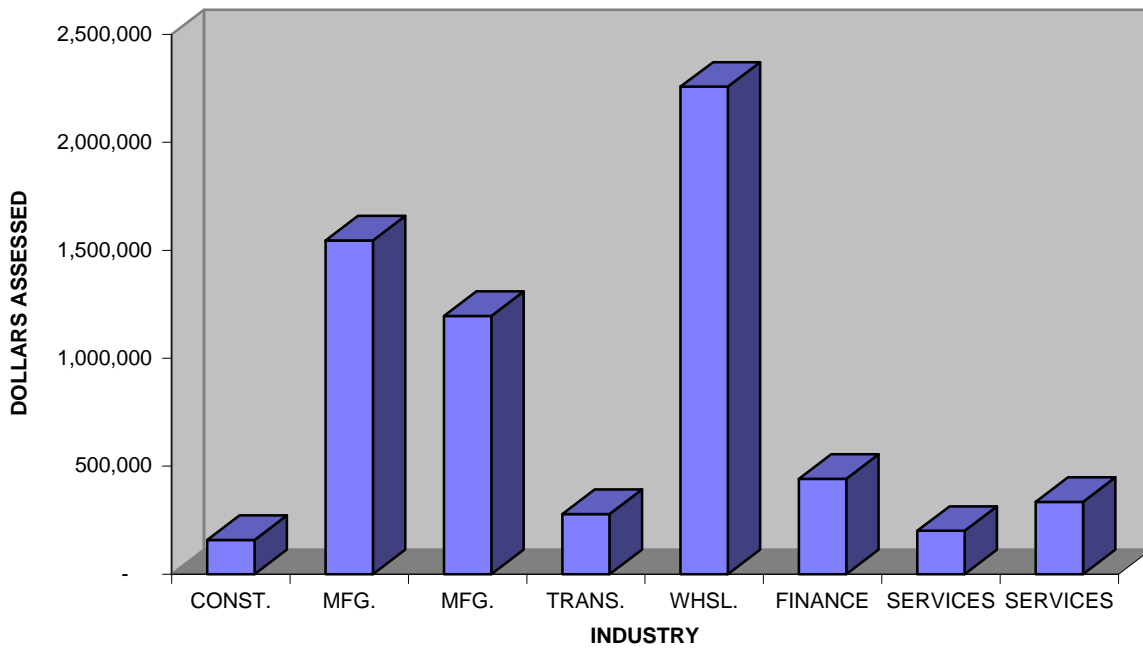
DOLLARS ASSESSED IN 45 IAC CITATIONS BY INDUSTRIAL CODE
ADJUSTED GROSS INCOME TAX AUDITS

EXHIBIT E	CONST.	MFG.	MFG.	TRANS.	WHSL.	FINANCE	SERVICES	SERVICES	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
45 IAC 3.1-1-53	-	72,244	263,643	-	687,740	(148,691)	-	50,617	925,553
45 IAC 3.1-1-54	-	65,679	83,704	-	-	-	-	-	149,383
45 IAC 3.1-1-55	-	(859)	3,344	-	19,025	-	-	(10,755)	10,755
45 IAC 3.1-1-56	-	10,191	-	-	-	-	-	274	10,465
45 IAC 3.1-1-57	-	3,411	714	-	-	-	-	-	4,125
45 IAC 3.1-1-58	-	-	-	-	-	3,986	-	-	3,986
45 IAC 3.1-1-59	-	1,825	2,420	-	6,637	-	-	22,385	33,267
45 IAC 3.1-1-6	-	-	(3,358)	-	-	-	-	-	(3,358)
45 IAC 3.1-1-60	-	-	1,608	-	-	-	13,935	-	15,543
45 IAC 3.1-1-62	-	-	91,301	-	99,695	-	-	-	190,996
45 IAC 3.1-1-63	(264)	(240)	(650)	184,000	-	-	-	-	182,846
45 IAC 3.1-1-64	-	-	53,969	-	-	-	-	-	53,969
45 IAC 3.1-1-66	-	-	1,552	-	-	-	-	(856)	696
45 IAC 3.1-1-71	-	-	3,000	-	-	-	-	-	3,000
45 IAC 3.1-1-72	-	-	-	-	842	-	(9,725)	-	(8,883)
45 IAC 3.1-1-73	-	-	2,900	-	-	-	-	-	2,900
45 IAC 3.1-1-78	-	-	3,700	-	-	-	-	-	3,700
45 IAC 3.1-1-79	-	(1,250)	(120)	-	-	500	-	-	(870)
45 IAC 3.1-1-8	55,659	509,878	182,496	17,646	(458,911)	(95,719)	6,138	61,907	279,094
45 IAC 3.1-1-83	-	-	450	-	-	-	-	-	450
45 IAC 3.1-1-86	-	-	(1,302)	-	-	-	-	-	(1,302)
45 IAC 3.1-1-9	(31,643)	(1,572)	(843,097)	55,843	(262,031)	22,876	58,919	(17,512)	(1,018,217)
45 IAC 3.1-1-92	(200)	158,173	258,389	(18,000)	(4,915)	-	(1,085)	(2,820)	389,542
45 IAC 3.1-1-93	-	-	-	-	316	-	-	-	316
45 IAC 3.1-1-94	640	58,924	480,530	6,003	1,459,184	945,316	1,918	65,468	3,017,983
45 IAC 3.1-1-95	-	-	-	-	-	1,453	500	-	1,953
45 IAC 3.1-1-96	-	-	-	-	224	-	-	-	224
45 IAC 3.1-1-97	69,402	36,693	110,745	15,021	108,667	11,655	103,958	116,394	572,534
45 IAC 3.1-2-1	2,460	13,164	-	-	21,552	-	-	28,363	65,539
45 IAC 3.1-2-2	1,684	-	-	3,000	90,379	-	(380)	-	94,683
45 IAC 3.1-2-4	-	-	-	18,463	-	-	-	-	18,463
45 IAC 3.1-3-1	742	-	1,141	-	184	-	-	2,973	5,040
45 IAC 3.1-3-2	-	-	3,769	-	262	-	1,859	-	5,890
45 IAC 3.1-3-3	-	-	429	-	-	-	-	-	429
Grand Total	158,228	1,546,070	1,195,548	278,168	2,258,231	441,412	200,461	334,737	6,412,855

ADJUSTED GROSS INCOME TAX VIOLATION OCCURRENCES BY INDUSTRY GROUP



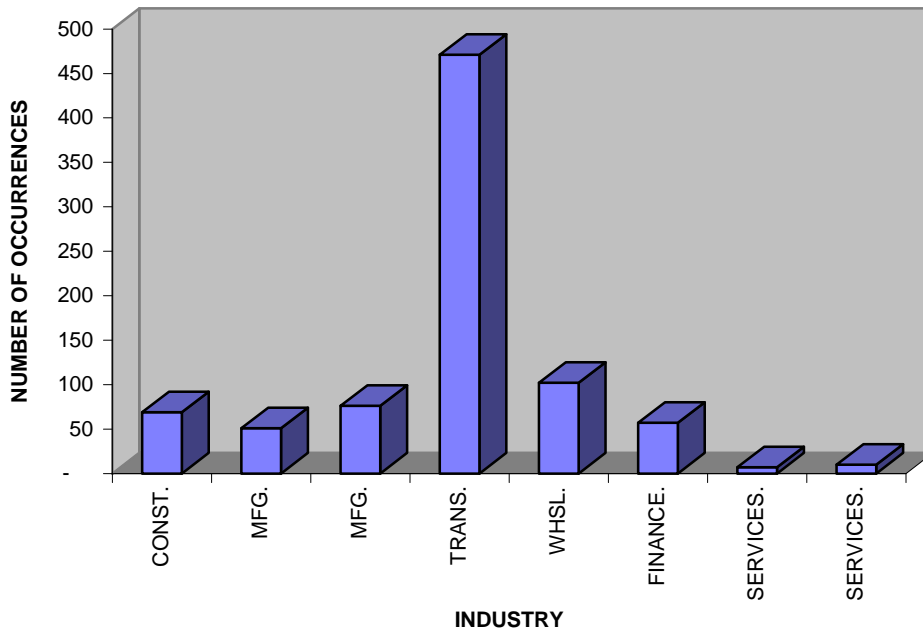
ADJUSTED GROSS INCOME TAX DOLLARS ASSESSED BY INDUSTRY GROUP



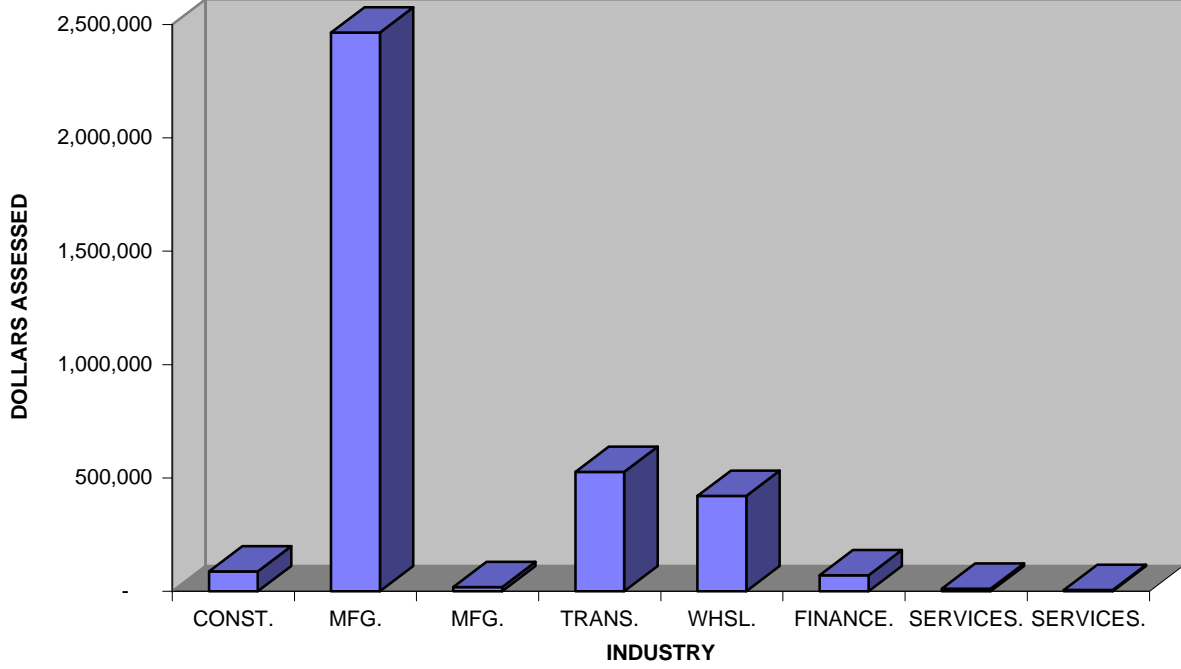
**DOLLARS ASSESSED BY CODE AND ARTICLE VIOLATIONS BY INDUSTRIAL CODE
SPECIAL TAX AUDITS**

EXHIBIT F	CONST.	MFG.	MFG.	TRANS.	WHSL.	FINANCE.	SERVICES.	SERVICES.	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
Article III (IFTA)	10,048	8,491	5,350	122,946	33,133	35,221	3,583	3,617	222,388
Article III (IFTA)	1,582	2,975	16,206	173,760	7,286	4,334	-	-	206,142
Article IV (IFTA)	-	-	-	-	(391)	-	-	-	(391)
Article IV (IFTA)	-	7	-	-	2,899	(2,327)	-	-	579
Article IV (IFTA)	-	-	-	(184)	-	-	-	-	(184)
Article IX (IFTA)	-	-	-	4,983	364	-	-	-	5,348
Article IX (IFTA)	-	-	-	669	-	-	-	-	669
Article VI (IFTA)	-	-	-	1,371	-	-	-	-	1,371
Article VII (IFTA)	(12,228)	(4,649)	(8,661)	(94,913)	(17,388)	(9,769)	(691)	1,598	(146,701)
Article XI (IFTA)	-	-	-	27,988	-	-	-	-	27,988
Article XI (IFTA)	-	-	-	7,752	-	-	-	-	7,752
IC 16-44-2-18	-	315	-	1,335	319	269	-	-	2,237
IC 6-6-1.1-201	-	2,933	-	-	2,566	-	-	-	5,499
IC 6-6-1.1-301	-	-	-	-	(1,813)	-	-	-	(1,813)
IC 6-6-1.1-501	-	-	-	-	53,876	-	-	-	53,876
IC 6-6-1.1-502	-	-	-	-	(180)	-	-	-	(180)
IC 6-6-2.1-201	-	-	-	-	7,091	-	-	-	7,091
IC 6-6-2.1-203	-	-	-	(716)	-	-	-	-	(716)
IC 6-6-2.1-301	-	-	(2,709)	(611)	(221)	(20)	-	-	(3,560)
IC 6-6-2.1-501	4,477	140	1,467	8,809	1,237	1,387	-	-	17,517
IC 6-6-2.1-502	-	-	3,360	39,530	-	-	-	-	42,890
IC 6-6-2.1-503	-	300	-	(32)	278,361	2,359	-	-	280,988
IC 6-6-2.1-504	-	-	-	-	801	-	-	-	801
IC 6-6-2.1-506	-	-	15	-	-	-	-	-	15
IC 6-6-2.5-28	84,510	1,642,970	-	-	-	-	-	-	1,727,479
IC 6-6-2.5-30	-	643,952	-	-	-	-	-	-	643,952
IC 6-6-2.5-35	-	148,280	-	-	35,277	-	-	-	183,558
IC 6-6-2.5-36	-	-	-	-	10,645	-	-	-	10,645
IC 6-6-2.5-37	254	-	-	5,841	-	-	-	-	6,094
IC 6-6-4.1-10	-	1,867	-	3,681	1,176	-	-	-	6,724
IC 6-6-4.1-2	(4,660)	-	-	(45)	-	-	-	-	(4,705)
IC 6-6-4.1-4	6,934	7,341	(2,667)	160,052	(3,335)	27,815	4,187	(43)	200,283
IC 6-6-4.1-6	(3,743)	10,199	(1,392)	(22,969)	8,333	9,366	4,505	(187)	4,111
IC 6-6-4.1-9	581	-	4,585	43,400	-	-	-	-	48,565
IC 6-8.1-5-1	-	-	2,828	43,268	-	2,629	-	-	48,724
Grand Total	87,755	2,465,120	18,381	525,914	420,034	71,265	11,583	4,984	3,605,037

SPECIAL TAX VIOLATION OCCURRENCES BY INDUSTRY GROUP



SPECIAL TAX DOLLARS ASSESSED BY INDUSTRY GROUP



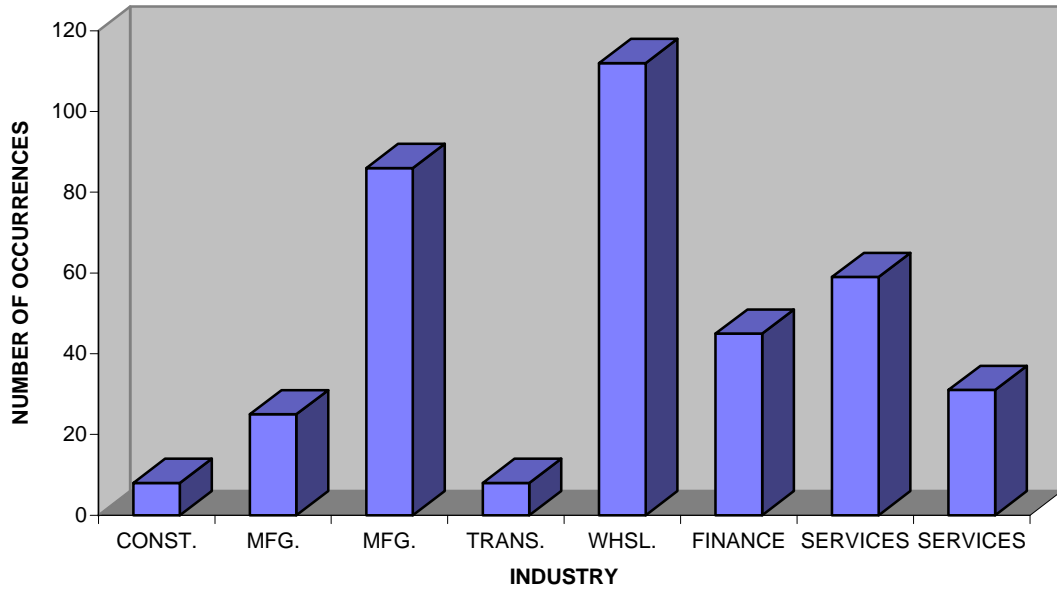
DOLLARS ASSESSED FOR MISC. CODE VIOLATIONS BY INDUSTRIAL CODE

EXHIBIT G	CONST.	MFG.	MFG.	TRANS	WHSL.	FINANCE	SERVICES	SERVICES	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
45 IAC 15-11-3	-	3,183	-	-	-	-	-	-	3,183
45 IAC 15-5-1	-	-	-	-	-	-	-	14,650	14,650
45 IAC 15-5-7	-	-	-	-	253,753	-	-	-	253,753
45 IAC 15-9-1	-	27,565	-	-	-	-	-	-	27,565
45 IAC 15-9-2	-	1,705	(398)	-	-	-	(25,100)	-	(23,793)
45 IAC 17-2-5	-	-	360,000	-	-	-	-	-	360,000
45 IAC 17-3-1	-	-	-	-	-	2,749,495	-	37,141	2,786,636
45 IAC 17-3-10	-	-	-	-	-	324,401	-	-	324,401
45 IAC 17-3-2	-	-	-	-	-	(227,000)	-	-	(227,000)
45 IAC 17-3-5	-	-	-	-	-	1,059,999	-	69,310	1,129,309
45 IAC 17-3-6	-	-	-	-	-	-	-	155,324	155,324
45 IAC 17-3-7	-	-	-	-	-	15,000	-	-	15,000
45 IAC 18-5-2	-	-	-	-	(14,103)	-	-	-	(14,103)
IC 13-7-23-10.3	-	-	-	-	4,514	-	1,500	-	6,014
IC 13-7-23-10.5	-	-	-	-	-	-	1,373	-	1,373
IC 6-2-1-12	-	-	2,660	-	-	-	-	-	2,660
IC 6-2-1-1-11	-	-	19,636	-	-	-	-	-	19,636
IC 6-2-1-1-2	-	4,600	-	-	-	-	-	-	4,600
IC 6-2-1-1-4.5	-	-	-	-	190,000	-	-	-	190,000
IC 6-2-1-2-1	-	-	2,490	-	-	-	-	-	2,490
IC 6-2-1-2-2	7,581	6,139	52,230	-	2,896	-	-	406	69,252
IC 6-2-1-2-5	-	-	43,624	-	1,280	-	-	-	44,904
IC 6-2-1-2-5	-	-	-	-	-	-	-	18,000	18,000
IC 6-2-1-3-1	-	-	328	-	-	-	-	-	328
IC 6-2-1-3-24.5	2,944	(2,083)	(17,360)	-	(20,263)	-	(4,131)	(1,724)	(42,617)
IC 6-2-1-3-3	-	-	-	-	-	(8,013)	-	-	(8,013)
IC 6-2-1-3-32	-	1,460	(7,625)	(1,265)	-	-	(3,847)	-	(11,277)
IC 6-2-1-4-2	-	-	-	-	2,500	-	-	-	2,500
IC 6-2-1-5-12	-	-	-	-	-	-	-	30,000	30,000
IC 6-2-1-6-1	-	1,842	-	-	-	-	-	-	1,842
IC 6-2-2-5-35	-	-	-	-	-	-	(1,692)	-	(1,692)
IC 6-2-5-1-6	-	-	-	-	1,200	-	-	-	1,200
IC 6-2-5-2-1	-	-	46,000	-	410	360	-	-	46,770
IC 6-2-5-2-4	-	2,220	-	-	-	3,095	-	-	5,315
IC 6-2-5-3-1	-	-	(58,293)	-	-	-	-	-	(58,293)
IC 6-2-5-3-2	-	-	3,955	-	76,620	-	28,012	4,040	112,627
IC 6-2-5-3-4	-	(4,113)	-	-	2,285	-	-	248	(1,580)
IC 6-2-5-3-6	-	-	-	-	104	-	-	-	104
IC 6-2-5-3-7	-	-	-	-	528	-	-	-	528
IC 6-2-5-4-1	707	-	-	-	9,260	-	-	2,244	12,211
IC 6-2-5-4-11	-	-	-	-	425	-	-	-	425
IC 6-2-5-4-3	-	-	-	-	-	257,000	-	-	257,000
IC 6-2-5-4-4	-	-	-	-	2,552	-	3,634	-	6,186
IC 6-2-5-4-5	-	-	3,587	-	-	-	-	-	3,587
IC 6-2-5-4-6	-	-	-	63,651	50	-	-	-	63,701
IC 6-2-5-5-18	-	-	-	-	-	-	-	(1,019)	(1,019)
IC 6-2-5-5-20	-	-	-	-	3,680	-	22,768	-	26,448
IC 6-2-5-5-27	-	8,500	-	-	-	-	-	-	8,500
IC 6-2-5-5-3	-	-	388	-	-	-	-	-	388
IC 6-2-5-5-35	-	-	-	-	-	-	(6,597)	-	(6,597)
IC 6-2-5-5-5.1	-	-	-	-	11,271	-	-	-	11,271
IC 6-2-5-5-8	-	-	-	-	974	-	-	-	974
IC 6-2-5-6-1	-	-	-	-	8,062	-	-	100	8,162
IC 6-2-5-6-10	-	(539)	-	-	-	-	-	-	(539)
IC 6-2-5-6-14	-	-	-	-	(22,793)	-	1,837	-	(20,956)
IC 6-2-5-6-7	-	(29,335)	-	-	2,476	-	-	-	(26,859)
IC 6-2-5-6-9	-	-	(23,689)	-	5,394	-	-	-	(18,295)
IC 6-2-5-7-1	-	-	-	-	(1,300)	-	-	-	(1,300)
IC 6-2-5-7-3	-	-	-	-	15,652	-	-	16,664	32,316
IC 6-2-5-7-5	-	(20,563)	-	-	10,800	-	-	-	(9,763)
IC 6-2-5-9-21	-	-	-	-	-	-	-	2,009	2,009
IC 6-2-5-9-3	(81)	-	-	-	-	-	-	-	(81)
IC 6-2-5-20	-	-	-	-	-	-	8,667	-	8,667
IC 6-3-1-11	-	-	92,489	-	-	-	-	-	92,489
IC 6-3-1-13	-	-	-	-	-	-	-	8,291	8,291
IC 6-3-1-21	-	-	1,215	-	165	-	1,606	-	2,986
IC 6-3-1-3.5	-	280	-	-	8,847	-	1,094	1,457	11,678
IC 6-3-1-5	-	-	2,689	-	-	-	-	-	2,689
IC 6-3-2-1	-	-	57,414	-	-	-	-	-	57,414
IC 6-3-2-12	-	(147,743)	294,785	-	-	3,518	-	-	150,560

DOLLARS ASSESSED FOR MISC. CODE VIOLATIONS BY INDUSTRIAL CODE

EXHIBIT G	CONST.	MFG.	MFG.	TRANS	WHSL.	FINANCE	SERVICES	SERVICES	
Sum of RESULTS	IC								
CITATION	1	2	3	4	5	6	7	8	Grand Total
IC 6-3-2-2	-	(3,459)	1,225,051	59,000	-	59,986	547	11,152	1,352,277
IC 6-3-2-2.6	(110,639)	(43,730)	-	-	(920)	-	-	-	(155,289)
IC 6-3-3-10	-	-	28,352	-	-	-	-	-	28,352
IC 6-3-3-8	(7,950)	-	-	-	-	-	-	-	(7,950)
IC 6-3-4-1	-	-	-	-	-	-	-	566	566
IC 6-3-4-12	-	-	-	-	-	-	2,675	-	2,675
IC 6-3-4-13	-	-	846	-	-	-	-	-	846
IC 6-3-4-14	-	-	147,555	-	-	-	-	-	147,555
IC 6-3-4-6	-	-	-	164,164	-	-	432	-	164,596
IC 6-3-4-8	-	-	-	-	(2,327)	-	-	4,100	1,773
IC 6-3-1-3	-	-	-	-	15,000	-	-	-	15,000
IC 6-3-1-3.5	-	-	-	-	15,000	-	-	-	15,000
IC 6-3-1-4	-	(2,801)	-	-	-	-	-	-	(2,801)
IC 6-3-1-4-1	-	-	14,034	-	-	-	-	-	14,034
IC 6-3-1-4-3	-	-	-	-	-	77,000	-	-	77,000
IC 6-3-1-4-4	-	-	-	-	-	-	12,767	-	12,767
IC 6-3-1-4-6	-	20,000	-	-	-	-	-	-	20,000
IC 6-3-1-7	-	-	-	-	-	3,896	-	-	3,896
IC 6-5.5-1-2	-	-	-	2,715	-	320,370	-	-	323,085
IC 6-5.5-2-1	-	-	-	-	-	(2,101)	-	-	(2,101)
IC 6-5.5-2-2	-	-	-	-	-	119,365	-	-	119,365
IC 6-5.5-2-4	-	-	-	-	-	380,000	-	-	380,000
IC 6-5.5-3-5	-	-	-	-	-	25,365	-	-	25,365
IC 6-5.5-4	-	-	-	-	-	9,800	-	-	9,800
IC 6-5.5-4-2	-	-	-	-	-	102,000	-	-	102,000
IC 6-5.5-6-3	-	-	-	-	-	(139,250)	-	-	(139,250)
IC 6-5.5-6-6	-	-	-	-	-	14,268	-	-	14,268
IC 6-5.5-9-4	-	-	-	-	-	-	(13,537)	-	(13,537)
IC 6-6-9-1	-	-	-	-	444	-	-	-	444
IC 6-6-9-7	-	-	(278)	-	-	-	-	300	22
IC 6-8-4-2	-	-	-	-	1,505	-	799	-	2,304
IC 6-8.1-10-2.1	-	500	-	-	1,250	-	-	-	1,750
IC 6-8.1-10-6	-	-	-	-	180	-	-	1,300	1,480
IC 6-8.1-4-2	(114)	63,494	40,561	-	(71,884)	-	1,524	(2,495)	31,086
IC 6-8.1-5-1	-	-	22,977	-	-	-	-	-	22,977
IC 6-8.1-5-2	-	-	13,347	-	-	-	-	-	13,347
IC 6-8.1-9-1	-	-	1,970	-	(4,272)	-	-	-	(2,302)
IC 6-8.1-9-2	-	-	-	-	-	-	(1,683)	-	(1,683)
IC 6-9-12-3	-	-	-	-	6,978	-	-	230	7,208
IC 6-9-12-5	-	-	-	-	-	-	20,558	-	20,558
IC 6-9-20-3	-	-	-	-	1,205	-	-	-	1,205
IC 6-9-21-4	-	-	-	-	5,518	-	-	-	5,518
IC 6-9-23-1	-	-	-	-	4,364	-	-	-	4,364
IC 6-9-23-4	-	-	8,241	-	19,641	-	-	-	27,882
IC 6-9-23-5	-	-	-	-	1,509	-	-	-	1,509
IC 6-9-23-6	-	-	-	-	253	-	-	-	253
IC 6-9-24-6	-	-	-	-	1,891	-	-	-	1,891
IC 6-9-26	-	-	-	-	57	-	-	-	57
IC 6-9-26-3	-	-	-	-	320	-	-	-	320
IC 6-9-26-8	-	-	-	-	6,000	-	-	-	6,000
IC 6-9-26-9	-	-	-	-	31	-	-	-	31
IC 6-9-8-2	-	-	-	-	-	-	-	9,190	9,190
IC 6.2-5-5-20	-	-	-	-	16,142	-	-	-	16,142
IC 6.5-3-2	-	-	1,692	-	-	-	-	-	1,692
IC 6.8-1-4-2	-	-	-	-	(219)	26,903	-	-	26,684
Grand Total	(107,552)	(112,878)	2,380,473	288,265	574,906	5,175,457	53,206	381,484	8,633,360

MISC. CODE VIOLATION OCCURRENCES BY INDUSTRY GROUP



MISC. CODE DOLLARS ASSESSED BY INDUSTRY GROUP

