

**INDIANA DEPARTMENT OF REVENUE
2013 ANNUAL PUBLIC HEARING**

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INDIANA DEPARTMENT OF REVENUE
2013 ANNUAL PUBLIC HEARING
MINUTES SUMMARY

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue held its Annual Public Hearing in Conference Room 18 of the Conference Center, Indiana Government Center South, 402 W. Washington St., Indianapolis, Indiana on June 4, 2013.

As required by Indiana law, the purpose of this annual hearing is to provide taxpayers an opportunity to recommend changes in statutes, departmental policies, processes, and procedures to help the Department better administer tax laws.

Individuals in attendance representing the Indiana Department of Revenue were:

- Commissioner Mike Alley
- Bill Bahler (Customer Service)
- Ron Broughton (Enforcement)
- Shane Corbin (Policy)
- Milt Cuevas (Collections)
- Mike Ashley (CFO)
- Aleta Jeffress (CIO)
- Tammy Jones (Taxpayer Advocate/Disclosure Officer)
- Bob Dittmer (PR)
- Chetrice Mosley (PR support/minutes)
- Shane Doss (PR multimedia recording)
- Kelsey Kotnik (PR support/minutes)
- Daniel Perry (Tax Policy)
- Roger Sharritt (RPC)
- Matt Donahue (Project Manager)
- Chris Perry (Deputy Director of Enforcement)

Individuals from the public who were in attendance were:

- Sherrill Rude
- David McDaniel
- Grupreet Singh
- Philip Jackson
- Lindsey Anderson
- Jay McUey
- Gerald Roberts

Two letters were sent from the public to be read into the record.

A third letter from the public was not read into the record. It was routed to the wrong area of the department and not received in time for the annual hearing. However, it has been reviewed by Commissioner Mike Alley.

These letters are included with this record of the hearing.

- 9:30 Call to order – Bob Dittmer
- 9:31 Commissioner Mike Alley opening remarks (see script)
- 9:40 Introduction of individuals in attendance representing the Indiana Department of Revenue
- 9:42 Commissioner Mike Alley read letter from Lucy Spencer (see attachment)
- 9:44 Commissioner Mike Alley read letter from Mike Nickels (see attachment)
- 9:46 Call from Commissioner Mike Alley for comments from the public
- 9:46 Comments from David McDaniel (see attachment)
- 9:59 Commissioner Mike Alley expressed appreciation for McDaniel’s comments, called for additional comments from the public
- 10:01 No more comments from the public; Commissioner Mike Alley adjourned the Annual Public Hearing

Dittmer Opening Statement:

Thank you for attending the Department of Revenue's Annual Hearing. This hearing, as required under Indiana code, is for the purpose of providing taxpayers the opportunity to make recommendations to the department on the administration of the tax laws in our state.

This hearing is not a news conference or media opportunity. Nor is it a forum to debate Indiana tax laws – those are established by the General Assembly.

This is an opportunity for the public to suggest improvements in tax services and processing. We are always looking to improve our services to the taxpayer and we are very interested in hearing your ideas and suggestions.

Thus, this meeting is dedicated to providing you time to suggest improvements to us, not for us to brief you.

When you wish to make a statement, please identify yourself by name and simply address Commissioner Mike Alley.

At this time it is my pleasure to introduce the Commissioner of the Department of Revenue, Mike Alley.

Commissioner Mike Alley Opening Statement:

Thank you, Bob.

It is certainly my pleasure to be here with you today and I do indeed look forward to your thoughts and ideas. As you may know, I have been with the Department a little more than a year now, and so I have been through one individual tax season and one legislative session – and a change of administration. In that time I continue to be impressed with the quality and dedication of the Department's employees and their focus on providing Indiana taxpayers the very best service they can provide.

We continue to dedicate ourselves to that service. Indeed, we intend to improve upon that service record to become the premier state revenue department in the country. We are not there yet, and we have many miles to travel to accomplish that goal, but we are on our way.

We have just completed our most effective and efficient individual tax season in the history of the department. Just a few observations:

- 3 million returns processed one month earlier than last year (May 8 vs May 11; June 10 the prior year)
- Expect to achieve 78% e-filing this year (73% last year and 45% in 2005)
- We continue to successfully transition business taxpayers to electronic filing. In the past 9 months more than 70,000 business taxpayers have begun using our INtax portal for filing and paying sales and withholding taxes. We now have more than 180,000 taxpayers using INtax.
- Overall, we process more than \$16 billion annually.

As I look forward, I have four major goals in mind for the department:

- First, we will strengthen the accuracy and reliability of our processing and reporting systems
- Second, We will improve the tax filing and regulatory experience for small business and individual taxpayers
- Third, We will improve taxpayer compliance yielding increased tax revenues
- And finally, we will concentrate on preparing our people for future success.

At this point I would welcome your observations and input. I may, as needed, ask some of my staff to assist me in our dialogue. Let me introduce some of them to you.

April 12, 2013

Indiana Department of Revenue
Commissioner's Office
MS #101
100 N Senate Avenue
Indianapolis, IN 46204

RE: Public Hearing, 6/4/2013

Dear Someone:

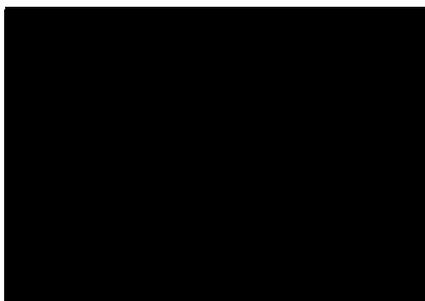
I am writing to provide my input in lieu of being present in Indianapolis for the DOR's public hearing in June.

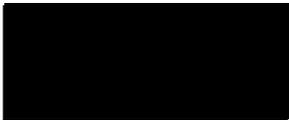
My comments have to do with electronic filing, and specifically about the income threshold for being able to file online for free. I know you have very little control over the rates charged by the available third-party tax preparation websites, but we make just a little too much money to meet their requirements for free filing. I liked the DOR's I-file program and was sorry to see it go.

Consequently, I thought you should know that we will not be filing electronically until a free method of doing so is available for everyone. I know how to read directions, I know how to use a calculator, and I've been preparing my own taxes manually for 30 years. It's not that complicated, and I refuse to pay for something I can do myself. Although I appreciate the opportunity to make tax return processing easier on your department, we don't have the disposable income to accommodate that right now.

I like using the Free File Fillable Forms website available through the IRS, and hope that someday the state of Indiana will be able to offer a comparable service for those of us who already know how to navigate the tax forms.

Sincerely,





May 12, 2013

Indiana Department of Revenue
Commissioner's Office, MS# 101
100 North Senate Avenue
Indianapolis, IN 46204

RE: Public Hearing on June 4, 2013

Dear Department of Revenue Commissioners,

I will not be able to attend your public hearing on June 4th. For that reason, I am writing this letter.

To make things easier, I purchased a PC based tax preparation program. Using that, I did my family's 2012 tax forms. Here are some of the results.

For one of my daughters', the program printed one sheet for the IRS – 1040EZ. It printed out 4 sheets for Indiana – IT-40EZ, Indiana Deduction Worksheet, Schedule CT-40EZ, Schedule IN-BAR. What is considered the simplest level of tax forms and I am sending Indiana 3 more pages than the IRS! In fact, there were so many more pages, I had to get it weighed to make sure I did not need extra postage!

For someone else, the program printed out 8 pages for the IRS – 1040 front, 1040 back, schedule A, form 8863 page 1, form 8863 page 2a, form 8863 page 2b, form 8889 page 1, form 8889 page 2. It printed out 10 pages for Indiana – IT-40 front, IT-40 back, schedule 1, schedule 2, schedule 3/4, schedule 5, schedule 7, CT-40, schedule IN-DEP, IN-BAR. Even for a full fledged taxpayer, Indiana is still getting more sheets than the IRS! Yes, it did cost extra to mail that one to you.

The Federal government is notorious for being complicated and lots of extra paperwork. In this case, Indiana demonstrates that it is possible to make things more complicated. Which is what I am writing to you about. Too many forms for the basic taxpayer. You used to have less forms and when you did, it was less complicated and easier to do. I used to be impressed that I was sending so much less to Indiana than the IRS, not anymore.

Get rid of all of the forms and go back to the older format. A whole page to list one or two children, really? A half page for Add-Backs, just how many of those are really used? And the one I really dislike – making me sign on one page committing to something on another one. You had better forms in the past, you did it once, I hope you make them better now.

Sincerely,





May 30, 2013

Ind. Dept. of Revenue Commissioner's Office, MS # 110
100 North Senate Avenue
Indianapolis, IN 46204 - 2253

Re: Taxpayer Feedback Comments
Public Hearing June 4, 2013

Gentlemen / Ladies:

This letter is being submitted for your information and consideration in reference to Indiana Tax filing procedures recently being implemented.

In my opinion the Indiana Department of Revenue is NOT providing adequate, proper and timely efforts to facilitate taxpayers ability to complete and submit Indiana Tax forms without inconvenience, difficulties and complications and extra expense. The new policies and procedures are not effective and need to be revised and improved.

Instruction booklets and adequate supplementary paper forms are not being mailed at all nor provided at Public Branch Libraries, in Ft Wayne, in a timely or adequate manner. They are often not available at all. Online access is convoluted. Better programming is needed. This would be more acceptable if electronic processing programs were adequately and properly being implemented, which they are *not* ! The Indiana E File program implemented three years ago was a good, effective and efficient program, which should not have been eliminated. Using third party vendors is not a good total solution and they seem to not be programmed satisfactorily for Indiana tax processing needs.

I have been filing Indiana Tax forms for over 47 years and I am a college graduate. We are retired, do not have W-2 earnings and derive our income from social security, Indiana Teachers Retirement proceeds and our investments income only. Third party vendors are not providing basic Indiana forms processing in an efficient and appropriate program. There should be no restrictions, nor special

conditions, nor contingencies to be able to file electronically. Taxpayers should be able to process Indiana forms without completing Federal forms via these restrictive selected vendor programs. We should not be forced to use their programs for Federal filing in order to complete and file the Indiana forms. We were eligible, during the last two years, to use three of the Indiana accepted free file vendors, which I attempted to do. Both years I experienced frustrations and lack of success. I had previously prepared our Federal Tax forms via other means so had to begin the Indiana processing by imputing all information, some of which was of no consequence or need for Indiana filing, from the initial beginning. I also completed Indiana forms in the traditional manner just for cross checking. I attempted using more than one of the available vendors. The vendor program I stayed with took me seven and a half hours to complete. The traditional processing took only three hours. The vendor's program provided omissions and incorrect entries and incorrect results even though I had attempted to enter full and complete information. And it was a major annoyance not to be able to just enter basic information and the federal adjusted gross income (relevant to Indiana) and then be able to continue completing the Indiana forms without all the extraneous efforts. The Indiana forms are relatively simple and basic and application should not be complicated. In order to fulfill our obligation, with correct information and figures, during the last two years I have reverted, after attempting online vendor programs, to completing and mailing Indiana tax form paper versions. If E file (with or without math check) was available without going through these incompetent vendors we would do so. Another option is for these vendors to prepared programs specific for Indiana needs, such as utilizing an already calculated Federal AGI.

The process of using third party vendor programs to process Indiana forms is definitely *not* convenient nor with fewer errors, and fewer complications !
I urge you to reinstate an updated version of the Indiana free E-File program !

As a side note it is curious to me to discover, since retirement, that our (joint) Indiana tax obligation is always higher than our Federal tax obligation.

Thank you for your consideration.

Yours,

