

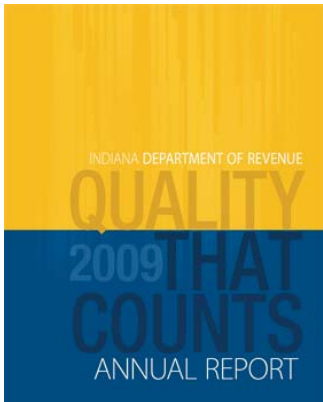
INDIANA DEPARTMENT OF REVENUE

QUALITY

2009 THAT

COUNTS

ANNUAL REPORT



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Oct. 1, 2009

The Honorable Mitchell E. Daniels, Jr.
Governor, State of Indiana
State House, Room 206
Indianapolis, Indiana 46204-2797

Dear Governor Daniels:

The following document represents the Indiana Department of Revenue's annual report, covering Fiscal Year 2009 (July 1, 2008 – June 30, 2009), as required by Indiana law (IC 6-8.1-3-2.5).

To summarize the efforts of the Department in FY 2009, we are continuing to make positive progress in many of our operational areas. We also continue to learn from situations that present themselves and seek out new and better ways to be more efficient and effective in delivering Quality That Counts to the taxpayers of Indiana.


That efficiency and effectiveness was evident in FY 2009 via a continued increase in collection of delinquent taxes. In fact, in FY 2009, collection efforts of trust taxes—sales and withholding—increased by 59 percent over FY 2008. In addition, electronic filing increased in FY 2009 by 5 percent over FY 2008, and I-File usage in FY 2009 increased by 30 percent over FY 2008. The addition of new tax types that can be paid via the state's INtax business tax tool also increased in FY 2009, with \$2.1 billion in payments being made through the online program, versus \$1.2 billion in FY 2008.

The Department also installed imaging technology in FY 2009, which allows the state to capture and digitize data from paper tax returns. This technology will allow the Department to more effectively and efficiently collect county data from an estimated 1.2 million withholding forms, providing more accurate revenue information for county taxes.

Finally, as part of our compliance efforts, the Department launched the New and Small Business Education Center (www.smallbiz.in.gov) in FY 2009 to provide resources, videos, podcasts, frequently asked questions and other valuable information for new and small businesses throughout Indiana. To date, the site has hosted more than 27,000 visitors and has more than 500 regular subscribers. Recent survey results reveal that 77 percent of those who use the site find it valuable and that 85 percent would recommend it to a business colleague.

It is efforts like these, and the Department's commitment to excellence and continuous improvement, that have enabled us to find better ways to manage revenue collections and assist taxpayers throughout the year. Though we are pleased with our efforts thus far, we know there is still more that can be done to work smarter, better and faster. Therefore, we remain committed to providing Quality That Counts—which we define as more efficiently and effectively run government.

Sincerely,



John Eckart
Commissioner
Indiana Department of Revenue

Indiana Taxpayer Rights and Responsibilities

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 to help taxpayers in the preservation of their rights
- III** Taxpayer education and information
- IV** A fair collection process
- V** Appointed hearing time and representation
- VI** Demand notices
- VII** Warrants for collection of tax
- VIII** Judgment liens against property
- IX** Annual public hearing and department report
- X** Taxpayer responsibilities

Since 2006, the Indiana Department of Revenue has remained committed to its pledge to provide Quality That Counts—which we define as highly efficient and effective operation and decisions. This is the framework in which the Department carries out its efforts to achieve its vision, live its mission, operate within its value set, and remain focused on a group of integrated strategies. The Department's efforts have been guided by the following key components. In staying committed to this course, the Department has achieved a number of valuable accomplishments in fiscal year 2009 (see p. 7).

Our VISION – What we want to become:

The citizens of Indiana will look upon the Department of Revenue with respect and confidence that it is achieving with distinction its charged obligations.

Our MISSION – How we will realize the vision:

Administering tax laws in a fair, consistent and efficient manner that supports the State and local budgets, which allow Indiana to be a highly desirable place to live, work and do business.

Our VALUES – How we will conduct ourselves:

- **Pride** - Presenting the best of ourselves and our work.
- **Respect** - Treating each other, taxpayers and vendors with respect.
- **Highest standards** - Setting the bar in customer service and ethical behavior.
- **Trust** - Doing what we say we will do, and doing it right.
- **Teamwork** - Working in alignment, with pride, respect and trust to achieve the highest standards.

Our STRATEGIES – What we will do to achieve our mission:

- **Customer focused** - Considering how our actions and decisions affect the taxpayers and the State of Indiana.
- **Efficient** - Ensuring we work smart and at the least cost to taxpayers.
- **Effective** - Striving to offer the best service and the most beneficial results possible - consistently.
- **Right people in the right jobs** - Ensuring Department employees are people who have the best skills and talents for the job.

The Department of Revenue continues to strive for improvements across the board of its operations. From training to customer service to electronic filing to revenue collections, the Department has continually sought out new and better ways to provide Quality That Counts in all it does. Below is a snapshot of some of the key Department accomplishments from FY 2009:

- **Collections** – The Department continues to make strides in collecting delinquent taxes. The monthly billing process that was implemented in FY 2007, along with the monthly issuing of best-information-available (BIA) billings for non-filers and collections through the requirements for the registered retail-merchant certificate (RRMC) have all aggregately contributed to a higher level of revenue collection in FY 2008. For example trust-tax collections exceeded \$188 million, in FY 2009, compared with \$118 million in FY 2008, and \$100 million in FY 2007. As part of that FY 2009 collection total, BIA billings gleaned more than \$7.2 million in FY 2009, and the RRMC initiative brought in another \$5.8 million. The Department believes that its standard monthly billing process is reaping results by garnering better compliance on the front end of the collection process, and reducing the number of BIA- and RRMC-related billings.
- **Customer Service** – Reallocation and realignment of staff, combined with improved training and job education, has helped the Department become more proficient in resolving taxpayer questions and concerns, and in a more timely manner. In FY 2009, representatives from the Department’s incoming call center handled more than 358,000 taxpayer phone calls in which 73 percent were answered within two minutes. This is an improvement over FY 2008, in which Department representatives answered more than 351,000 taxpayer calls, with only 63 percent answered within two minutes. In all, Department representatives answered 2-percent more calls in FY 2009 than in FY 2008 and improved its response time by 16 percent, compared with FY 2008. In addition, the Department has improved its customer service by digitally imaging tax returns (see p.8), allowing staff to respond more quickly to taxpayer concerns. Additionally, the Department has enhanced its automated telephone line, which is a self-help tool that allows taxpayers to pay taxes due; check the status of their current-year refund; find the current balance due on an outstanding liability, case, and/or warrant with the daily interest accrual noted; and hear about “hot” tax-related topics.
- **Electronic Filing** – More than 1.9 million Hoosier taxpayers used some form of electronic filing (e-File or I-File) to file their 2008 state and federal individual income tax returns. This amounts to a 5-percent increase over the same time last year. Electronic filing provides Indiana taxpayers the opportunity to file their federal and state tax returns immediately and receive their Indiana refunds in about half the time it takes to process a paper return. Even if an amount is due on either return, Indiana taxpayers can still file electronically and feel comfortable knowing that the returns were received nearly instantly by the Internal Revenue Service (IRS) and the Department.
- **I-File** – More than 150,000 Hoosiers used I-File to file their 2008 state tax returns, an increase of nearly 30 percent over the same time last year. This fast, friendly and free electronic program allows taxpayers to prepare and file their Indiana tax returns online. This program is available to both individual taxpayers and preparers. A user friendly program, I-File features a question-and-answer format with help links to guide users through filing. For more information and to take advantage of this free service, taxpayers can go to in.gov/dor.
- **INtax** – When 93 percent of INtax users are satisfied with the online program, it is not a surprise that this online tool has gained popularity over the years. Increased taxpayer activity and the addition of features to file and pay special taxes, such as Type II Gaming, have driven payments up to \$2.1 billion in FY 2009, versus \$1.2 billion in FY 2008 and \$663 million in FY 2007. For more information, visit www.intax.in.gov
- **Training** – In FY 2009, development and delivery of frontline training materials continued to expand through the agency. Additionally, the entire middle management team (34 employees) received training modules focused on coaching and goal-setting issues to help them and the supervisors reporting to them become more effective leaders. Also, online computer-based training was developed and introduced in 2009 for use with agency-wide training on policies in addition to basic competency training of supervisory skills. And, by the end of FY 2009 approximately 50 percent of the Department’s frontline employees had received customized, job-specific training on customer service processes developed to deliver outstanding service to taxpayers and other groups with which the Department works.

- **Taxpayer Feedback** – In FY 2009, the Department collected feedback from more than 4,000 taxpayers via surveys and education forums. This feedback has contributed to improvements throughout the Department, from the New and Small Business Center to Motor Carrier Services operations to INtax to I-File to the customer call center and district offices.
- **Protests/Appeals** – The Department’s legal division continues to make headway in quickly resolving protest/appeals and inheritance tax audits. In FY 2009, the legal division set a goal to close 698 protest/appeal cases. In actuality, the division closed more than 850.
- **New and Small Business Education Center** – Launched in November 2008, the Indiana Department of Revenue’s New and Small Business Education Center has received more than 29,000 visitors and has had more than 500 regular subscribers since it went live. This new site offers new and small business owners a full range of resources – from videos, to podcasts, to downloadable forms, to frequently asked questions – to help them properly file their Indiana business taxes, as well as how to register and close a business with the Department of Revenue. A recent survey of subscribers to the new site revealed that 77 percent of respondents found the site valuable, and 85 percent would recommend it to a business colleague. To visit the New and Small Business Education Center, visit www.smallbiz.in.gov
- **Latino Outreach** – The Department has been working diligently to enhance its Latino outreach initiative in an effort to better educate the permanent and immigrant Latino community in Indiana. This educational effort has included identifying and building relationships with multiple Latino outreach organizations throughout Indiana, actively participating in speaking engagements, hosting a Spanish-language Web site, hosting a Spanish-language tax blog, writing articles for Spanish publications throughout the state, translating forms and tax booklets into Spanish and providing bilingual staff to assist Spanish-speaking taxpayers. The efforts over the last year have increased traffic to the Spanish Web site and almost doubled the amount of phone calls into the Spanish line.
- **Imaging** – Beginning January 2009, the Department began to use imaging technology to extract information from tax returns. In all, more than 1.1 million individual income-tax forms and 2.5 million withholding forms were processed through the imaging system since its launch. Installing paper-imaging technology to capture, digitize and integrate data will allow the Department to process and correct suspended returns much more quickly, as well as greatly reduce keypunch errors. The imaging system will improve compliance not just by scanning the returns but by scanning taxpayer paperwork submitted with a specific return, payments and envelopes. In addition, this system will allow the Department to set the groundwork for comparing employer information against individual information for further compliance efforts. During tax season’s peak, the imaging system processed nearly 30,000 forms of all types every 24 hours. For the first time, the Department was able to collect county data from an estimated 1.2 million WH-1s, which will provide more accurate revenue information for county taxes. Sales tax, food-and-beverage tax and other forms are planned to be imaged in the near future. With imaging underway, the Department is poised to better serve the State of Indiana for years to come.

What Indiana Taxpayers Have To Say

New and Small Business Education Center

“Thank you so much for launching this site. As a small business, we so appreciate any help we can get without spending money at this difficult time. So once again, thank you.”

C. Hubbard



(Left to Right: Joe VanDevender, Darrel Anderson, Jim Poe, Stephanie McFarland, John Eckart, Jeff Coulter, Lynne Goodin, Bill Bahler)

Commissioner John Eckart comes to Indiana government with more than 30 years of private-sector management experience. John has served in several positions of progressively responsible executive roles. He held positions as controller, vice president of finance and executive vice president in subsidiaries of Avatar Utilities, and was responsible for the start-up of its service company, Consolidated Water Services. In 1993, John was named vice president of finance for Indiana American Water Company, and in 1997 named president. American Water also elected him in 1999 as president of Ohio American Water and Michigan American Water. John holds his bachelor's degree in finance from the University of Evansville and his master's in business administration from the University of Indianapolis.

Special Tax and Support Administration Deputy Commissioner Jim Poe came to the Indiana Department of Revenue in 1976. Prior to taking on the responsibility of deputy commissioner of Special Tax and Support Administration, Jim served as the administrator of the Department's Motor Carrier Services division. In February 2006, Jim also was honored with one of the first Governor's Public Service Achievement Awards by Indiana Governor Mitch Daniels. Jim graduated from Indiana State University with his bachelor's in business in 1972.

Tax Administration Deputy Commissioner Joe VanDevender brings decades of tax-related and business-management experience to Tax Administration. Before coming to the Department, Joe was a primary owner of CIPROMS, Inc., one of the 40 largest medical billing companies in the United States. Joe taught business law and federal income taxes at Indiana University at Kokomo. Joe received his juris doctorate from Indiana University School of Law. He also received his bachelor of science in accounting from Indiana University. Joe currently holds his CPA license, is still an owner of CIPROMS, and is a member of the American Institute of CPAs and the Indiana CPA Society.

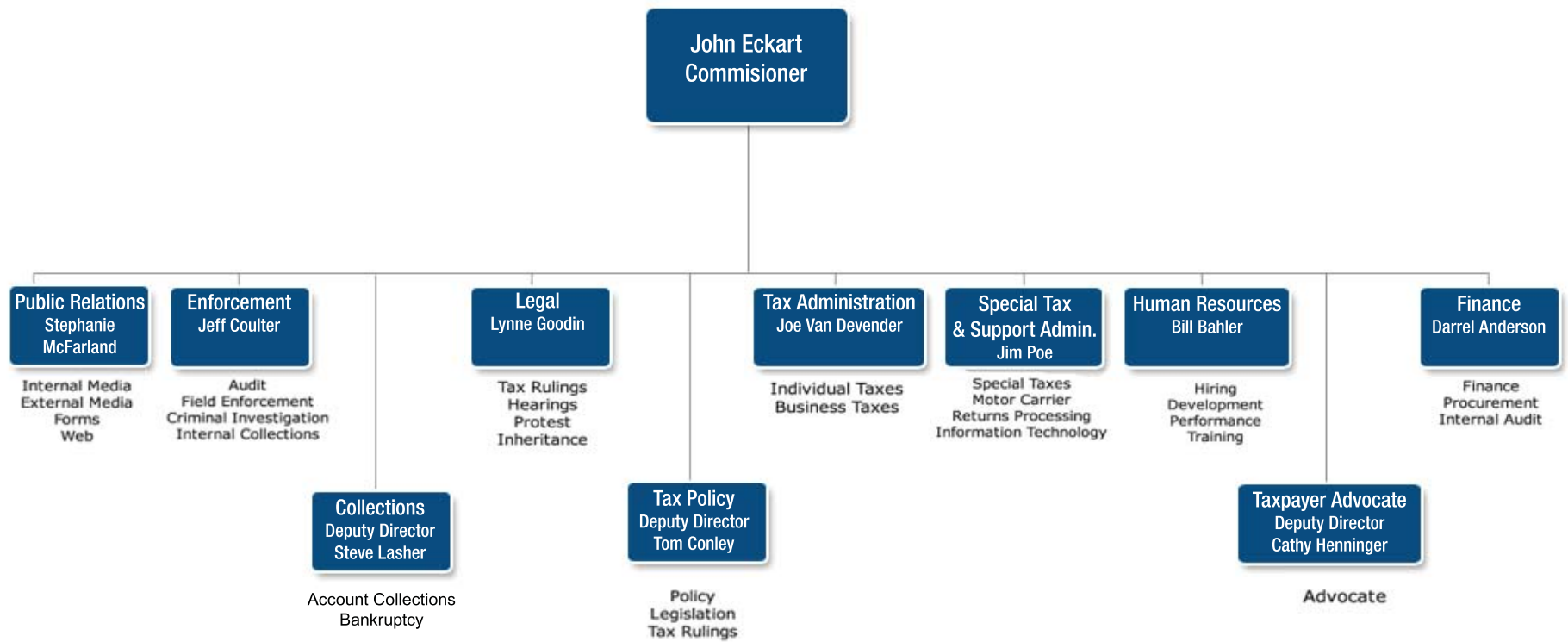
Enforcement Deputy Commissioner Jeff Coulter has more than 30 years of experience as a certified public accountant, specializing in audit, litigation support, forensic accounting, bankruptcy services and public-company accounting and reporting. His experience includes serving as a partner and audit and accounting director for the accounting firm of BGBC Partners of Indianapolis. Jeff holds an undergraduate degree in accounting and business administration from Ball State University and his CPA license.

General Counsel Lynne Goodin brings more than 23 years of business experience to the Department, with specialties in accounting and banking. Lynne has worked at Deloitte & Touche, KeyBank, National City Bank, Fifth Third Bank of Indiana and several banks outside of Indiana. She holds her bachelor of science degrees in both accounting and finance from the University of Alabama, in addition to her master's of business administration from Duquesne University in Pittsburgh and her juris doctorate in law from Indiana University School of Law.

Chief Financial Officer Darrel Anderson brings more than 25 years of business experience to the Department, specifically cost/general accounting, strategic planning, research and analysis. Before coming to the Department, Darrel served as vice president of finance for Union City Body Company and the Commercial Marketing Group of Work Horse Custom Chassis in Union City, Ind., and as managerial consultant for RHI Management Resources in Cleveland, Ohio. Darrel holds a master of accountancy from the University of Missouri and a bachelor of arts in business administration from MidAmerica Nazarene University. He is also a certified management accountant.

Public Relations Director Stephanie McFarland is a 20-year veteran of the public-relations profession. Stephanie has honed her skills and judgment throughout the years at mid-size and Fortune 500 corporations like Indianapolis Power and Light Company, Eli Lilly and Company and Sallie Mae. Stephanie is an accredited public relations professional through the Public Relations Society of America, and a certified crisis-communication consultant. She holds a bachelor's degree in English from Indiana University, as well as a master's of science in communication management from Syracuse University in New York.

Human Resource Director Bill Bahler brings to the Department more than two decades of broad human resource experience in both public and private-sector companies. After 27 years with Sears Roebuck in executive human resource and store management, Bill branched out to hold vice president and senior-level HR positions at organizations such as American Water Company, Primetech, Inc., H.H. Gregg Appliance, Inc., and Sun TV and Appliances. Bill holds a bachelor's degree in industrial management from Purdue University.



As part of our ongoing commitment to providing Quality That Counts, the Department recognizes employees throughout the year who exemplify quality performance, either through saving taxpayers money, finding more efficient and effective ways to do the day-to-day work of the Department, or going above and beyond in assisting taxpayers in resolving tax issues.

In FY 2009, the Department recognized the following individuals with the coveted Quality That Counts award:

Program Coordinator **Melody Tewell**
 Field Representative **Marie Crain** (see p. 59)
 Assistant Taxpayer Assistance Supervisor **Diane Baugher**
 Lead Graphic Designer **Jouhne Scott** (see p.12)
 Motor Carrier Services Attorney **Collin Davis**
 Program Coordinator **Colleen Farris**
 Program Coordinator **Stephanie Bailey**
 Program Coordinator **Angela Jessie**
 Program Coordinator **Della Fuller**
 Program Coordinator **James Vest**
 Program Coordinator **Mindy Kimble**
 Program Coordinator **Chris Thompson**
 Taxpayer Assistance Supervisor **Michelle Leech**
 Tax Administration Support Manager **Alice Quakenbush** (see p. 26)
 Tax Analyst **Shawna Cole** (see p. 70)
 Senior Field Examiner **Debbie Grammer**
 Attorney **Larry Molnar**
 Tax Analyst **Wally Strange**

Quality That Counts Spotlight



Jouhne Scott

Every taxpayer has most likely appreciated the work of Lead Graphic Designer **Jouhne Scott** at some point, even if they have never met her. Scott's digital brushstrokes and eye for creative imagery have graced Department publications – both online and in print – since she joined the agency in 2006.

Scott applied her eye for creativity with her experience to create the New Employee Survival Kit – an online tool to help employees, veteran and new alike, to better understand the inner workings of the Department, its operations and people. The site centralizes vital information with video and interactive modules, so that employees are better prepared to serve the taxpayer.

"Jouhne is most certainly one of the Department's superstars," said Public Relations Director Stephanie McFarland. "Every challenge we have thrown her way, she hits out of the park."

Develop Desk Audit Division

The Department's newly created desk audit discovery division is expected to play an important role in the Department's tax enforcement program. This function is crucial to ensuring that Indiana-based businesses have a level playing field for doing business and that all businesses operating in Indiana pay their fair share of state taxes. Additionally, this function will also pursue various ways to help educate our taxpayers in matters where known confusion and/or noncompliance exists.

Desk audit and the enhanced audit selection methodology will utilize decision analytics. Desk audit will serve critical functions and accomplish many objectives with a phase-in approach including little, if any, increased funding.

Analysts can now be leveraged through the assignments and selections that replace less productive selections in other audit areas. For example, with vendor-supported analytics and a data warehouse, low-yield tax audits can be replaced with high-yield tax audits.

In conjunction with data warehouse and other technologies, the Department will continue to define and develop desk audit to increase taxpayer compliance and additional revenue opportunities for the State of Indiana.

Improvements in Audit Selection

Through developing and implementing a selection modeling plan, the Department has gone to a more precise method that can be reviewed and analyzed for effectiveness. Improvements in audit selection will continue to increase effectiveness in our audit process by allowing our resources to work on the most viable audits while maximizing revenues for the State of Indiana.

Acquisition and Implementation of WestLaw

Consolidation of research resources will aid in consistency among auditors as well as increased quality of overall research and development of audit issues.

Automated or Computerized Method of Audit Selection

To allow less room for judgment and/or human error, the Department will continue to use automated or computerized methods for audit selection. This allows for computerized monitoring of results and gives the Department an evaluation tool to determine if the Department is accurately using its resources.

Customer Service and Audit Enforcement

The end product of tax audit programs is the same as all other tax administration functions. It ensures that those businesses, organizations and individuals who are required to file returns and/or pay taxes are complying and doing so correctly with minimal burden. A broad view of audit enforcement must be taken to achieve that objective. It must include instruction, education and ease of interaction in addition to enforcement. This broader view of the audit process is reflective of the concept of complementary, rather than opposing, influences of customer service and compliance enforcement. For instance, effective audit selection not only results in more efficient use of auditors, but also enhances customer service if compliant customers have minimal risk of being selected for audit and noncompliant customers have the greater risk. This is especially important because auditing compliant taxpayers lessens the opportunity for Department auditors to educate noncompliant taxpayers.

All amounts are in thousands. Percentage change reflects increase from FY08 to FY09, unless otherwise indicated. Significant differences reflected in the tax receipts for FY06 may be due to Indiana Tax Amnesty.

Aircraft License Excise Tax

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.

| | | | | | |
|------|----------|------|----------|---------------|----------------|
| FY99 | \$ 392.9 | FY03 | \$ 649.7 | FY07 | \$580.1 |
| FY00 | \$ 430.0 | FY04 | \$ 641.8 | FY08 | \$617.9 |
| FY01 | \$ 513.8 | FY05 | \$ 753.4 | FY09 | 539.4 |
| FY02 | \$ 548.9 | FY06 | \$592.6 | CHANGE | -12.70% |

Alcoholic Beverage Tax

Per gallon rates are as follows: beer, \$.115; liquor/wine (21 percent alcohol or more), \$2.68; wine (less than 21 percent alcohol), \$0.47; mixed beverages (14 percent or less), \$0.47.

| | | | | | |
|------|-------------|------|-------------|---------------|-------------------|
| FY99 | \$ 35,148.9 | FY03 | \$ 37,678.6 | FY07 | \$ 39,704.3 |
| FY00 | \$ 36,240.5 | FY04 | \$ 38,509.2 | FY08 | \$ 44,707.8 |
| FY01 | \$ 36,597.8 | FY05 | \$ 38,719.4 | FY09 | \$43,497.9 |
| FY02 | \$ 37,458.3 | FY06 | \$ 40,529.6 | CHANGE | -2.71% |

Auto Rental Excise Tax

Rates are 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 percent.

| | | | | | |
|------|------------|------|------------|---------------|-------------------|
| FY99 | \$ 8,914.0 | FY03 | \$ 9,500.9 | FY07 | \$ 9,727.3 |
| FY00 | \$ 8,101.9 | FY04 | \$ 8,940.9 | FY08 | \$ 10,478 |
| FY01 | \$ 9,846.8 | FY05 | \$ 8,840.8 | FY09 | \$10,117.7 |
| FY02 | \$ 9,126.7 | FY06 | \$ 9,889.1 | CHANGE | -3.44% |

Charity Gaming Excise Tax

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

| | | | | | |
|------|------------|------|------------|---------------|------------------|
| FY99 | \$ 1,313.1 | FY03 | \$ 1,311.9 | FY07 | \$ 1,428.7 |
| FY00 | \$ 1,211.1 | FY04 | \$ 1,231.5 | FY08 | \$ 1,250.4 |
| FY01 | \$ 1,521.0 | FY05 | \$ 1,244.4 | FY09 | \$1,401.4 |
| FY02 | \$ 1,382.5 | FY06 | \$ 1,384.4 | CHANGE | 12.08% |

Type II Gaming (Taverns)

An excise tax is imposed on the distribution of gambling games in the amount of 10 percent of the price paid by the retailer that purchases the games. The entity distributing the pull tabs, punchboards, or tip boards is liable for the tax.

| | | | | | |
|------|-------|------|-------|---------------|-----------------|
| FY99 | ----- | FY03 | ----- | FY07 | ----- |
| FY00 | ----- | FY04 | ----- | FY08 | ----- |
| FY01 | ----- | FY05 | ----- | FY09 | \$285.10 |
| FY02 | ----- | FY06 | ----- | CHANGE | NEW |

Cigarette/Other Tobacco Tax

Levied against cartons or packs of cigarettes and cigarette papers, wrappers and tubes at the following rates: pack of 20 cigarettes, \$0.995; pack of 25 cigarettes, \$1.24375; other tobacco products, 24 percent of wholesale price.

| | | | | | |
|------|--------------|------|--------------|---------------|--------------------|
| FY99 | \$ 127,634.1 | FY03 | \$ 352,375.1 | FY07 | \$ 367,632.4 |
| FY00 | \$ 125,151.5 | FY04 | \$ 338,715.7 | FY08 | \$ 525,282.4 |
| FY01 | \$ 120,827.4 | FY05 | \$ 343,077.9 | FY09 | \$516,765.3 |
| FY02 | \$ 123,214.8 | FY06 | \$355,525.0 | CHANGE | -1.62% |

Controlled Substance Excise Tax

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 per gram. Once paid, a taxpayer who can remain anonymous is given a receipt for the tax, which is valid for three days. The payment of this tax does not legalize the controlled substance or the activity associated with it.

| | | | | | |
|------|---------|------|----------|---------------|----------------|
| FY99 | \$ 55.5 | FY03 | \$ 82.5 | FY07 | \$ 53.5 |
| FY00 | \$ 60.2 | FY04 | \$ 33.9 | FY08 | \$ 167.6 |
| FY01 | \$ 86.5 | FY05 | \$ 30.4 | FY09 | \$76.00 |
| FY02 | \$ 44.4 | FY06 | \$ 352.6 | CHANGE | -54.65% |

Corporate Adjusted Gross Income Tax

The adjusted gross income tax was increased from 3.4 percent to 8.5 percent on Jan. 1, 2003.

| | | | | | |
|------|----------------|------|--------------|---------------|--------------------|
| FY99 | \$ 1,006,572.4 | FY03 | \$ 307,178.8 | FY07 | \$ 746,392.9 |
| FY00 | \$ 950,323.9 | FY04 | \$ 443,078.0 | FY08 | \$ 661,217.4 |
| FY01 | \$ 842,546.3 | FY05 | \$ 608,370.0 | FY09 | \$541,300.3 |
| FY02 | \$ 687,877.6 | FY06 | \$ 796,118.2 | CHANGE | -18.14% |

County Adjusted Gross Income Tax (CAGIT)

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.)

| | | | | | |
|------|--------------|------|--------------|---------------|--------------------|
| FY99 | \$ 265,759.0 | FY03 | \$ 321,835.7 | FY07 | \$ 428,978.0 |
| FY00 | \$ 284,537.8 | FY04 | \$ 343,586.3 | FY08 | \$ 440,191.1 |
| FY01 | \$ 308,062.2 | FY05 | \$ 338,871.6 | FY09 | \$497,681.9 |
| FY02 | \$ 343,479.4 | FY06 | \$ 388,450.7 | CHANGE | 13.06% |

County Economic Development Income Tax (CEDIT)

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

| | | | | | |
|------|--------------|------|--------------|---------------|--------------------|
| FY99 | \$ 112,551.9 | FY03 | \$ 146,937.1 | FY07 | \$ 254,053.8 |
| FY00 | \$ 121,817.0 | FY04 | \$ 172,682.2 | FY08 | \$ 257,289.3 |
| FY01 | \$ 140,547.2 | FY05 | \$ 159,007.6 | FY09 | \$294,876.5 |
| FY02 | \$ 160,225.3 | FY06 | \$ 238,804.3 | CHANGE | 14.61% |

County Innkeepers Tax (CIT)

Tax determined locally on the gross income derived from lodging income. Tax may be collected either by the Department or locally through the county treasurer's office.

| | | | | | |
|------|-------------|------|-------------|---------------|-------------------|
| FY99 | \$ 20,251.1 | FY03 | \$ 24,043.4 | FY07 | \$ 37,940.7 |
| FY00 | \$ 21,077.4 | FY04 | \$ 24,410.5 | FY08 | \$ 42,488.7 |
| FY01 | \$ 24,073.7 | FY05 | \$ 26,120.3 | FY09 | \$37,554.3 |
| FY02 | \$ 22,586.8 | FY06 | \$ 36,357.7 | CHANGE | -11.61% |

County Option Income Tax (COIT)

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 Country Adjusted Gross Income Tax, but not both.)

| | | | | | |
|------|--------------|------|--------------|---------------|--------------------|
| FY99 | \$ 368,343.2 | FY03 | \$ 463,054.0 | FY07 | \$ 524,919.6 |
| FY00 | \$ 394,089.4 | FY04 | \$ 424,603.1 | FY08 | \$ 664,023.6 |
| FY01 | \$ 437,437.3 | FY05 | \$ 401,887.5 | FY09 | \$791,217.4 |
| FY02 | \$ 497,555.7 | FY06 | \$ 492,320.2 | CHANGE | 19.16% |

Estate Tax

Based on the difference between the state death tax credit allowed at the federal level and the amount paid in state inheritance tax. Federal estate tax credit for state calculations is being phased out, resulting in the reduction in Indiana estate tax paid.

| | | | | | |
|------|-------------|------|-------------|---------------|-----------------|
| FY99 | \$ 24,700.4 | FY03 | \$ 32,264.5 | FY07 | \$ (32.2) |
| FY00 | \$ 21,022.0 | FY04 | \$ 7,732.4 | FY08 | \$ 62.6 |
| FY01 | \$ 28,936.1 | FY05 | \$ 2,085.2 | FY09 | \$0.00 |
| FY02 | \$ 17,979.7 | FY06 | \$ (68.5) | CHANGE | -100.00% |

Financial Institutions Tax

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

| | | | | | |
|------|-------------|------|--------------|---------------|-------------------|
| FY99 | \$ 81,883.8 | FY03 | \$ 123,444.4 | FY07 | \$ 76,355.5 |
| FY00 | \$ 79,365.8 | FY04 | \$ 79,608.6 | FY08 | \$ 64,063.8 |
| FY01 | \$ 55,594.3 | FY05 | \$ 91,977.7 | FY09 | \$43,960.8 |
| FY02 | \$ 63,644.4 | FY06 | \$ 87,229.7 | CHANGE | -31.38% |

Food and Beverage Tax

Tax determined locally for purchases of food and beverages for immediate consumption at a rate of 1 percent of retail sales price. Marion County's rate is 2 percent.

| | | | | | |
|------|-------------|------|-------------|---------------|--------------------|
| FY99 | \$ 23,574.1 | FY03 | \$ 27,842.3 | FY07 | \$ 62,596.3 |
| FY00 | \$ 26,021.0 | FY04 | \$ 29,550.2 | FY08 | \$ 63,975.7 |
| FY01 | \$ 26,438.9 | FY05 | \$ 30,370.8 | FY09 | \$61,282.40 |
| FY02 | \$ 27,859.6 | FY06 | \$ 54,266.2 | CHANGE | -4.21% |

Gasoline Tax

The gasoline tax is \$.18 per gallon for all invoiced gallons of gasoline collected by the licensed distributor and added to the selling price.

| | | | | | |
|------|--------------|------|--------------|---------------|--------------------|
| FY99 | \$ 466,427.9 | FY03 | \$ 518,295.6 | FY07 | \$ 570,628.7 |
| FY00 | \$ 464,152.8 | FY04 | \$ 582,610.7 | FY08 | \$ 554,041.4 |
| FY01 | \$ 493,684.2 | FY05 | \$ 579,675.0 | FY09 | \$535,851.3 |
| FY02 | \$ 480,808.9 | FY06 | \$ 570,490.2 | CHANGE | -3.28% |

Hazardous Waste Disposal Tax

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

| | | | | | |
|------|------------|------|------------|---------------|------------------|
| FY99 | \$ 1,744.7 | FY03 | \$ 1,122.6 | FY07 | \$ 2,251.2 |
| FY00 | \$ 1,770.1 | FY04 | \$ 1,219.2 | FY08 | \$ 1,378.0 |
| FY01 | \$ 1,542.5 | FY05 | \$ 3,281.3 | FY09 | \$1,088.6 |
| FY02 | \$ 1,304.5 | FY06 | \$ 3,178.9 | CHANGE | -21.00% |

Individual Adjusted Gross Income Tax

Based on the federal adjusted gross income with numerous adjustments for individual residents, partners, stockholders in S corporations, trusts, estates and nonresidents with Indiana income sources at a rate of 3.4 percent

| | | | | | |
|------|----------------|------|----------------|---------------|----------------------|
| FY99 | \$ 3,699,316.6 | FY03 | \$ 3,644,159.4 | FY07 | \$ 4,580,441.2 |
| FY00 | \$ 3,753,339.5 | FY04 | \$ 3,807,860.9 | FY08 | \$ 4,825,692.6 |
| FY01 | \$ 3,779,805.4 | FY05 | \$ 4,213,210.2 | FY09 | \$4,305,075.4 |
| FY02 | \$ 3,540,819.1 | FY06 | \$ 4,381,548.1 | CHANGE | -10.79% |

Inheritance Tax

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.

| | | | | | |
|------|--------------|------|--------------|---------------|---------------------|
| FY99 | \$ 124,011.8 | FY03 | \$ 165,710.5 | FY07 | \$ 150,322.2 |
| FY00 | \$ 119,198.1 | FY04 | \$ 132,262.8 | FY08 | \$ 165,518.7 |
| FY01 | \$ 134,748.2 | FY05 | \$ 150,315.5 | FY09 | \$185,661.3 |
| FY02 | \$ 123,905.6 | FY06 | \$ 148,976.6 | CHANGE | 12.17% |

Marion County Admissions Tax

Specific to the RCA Dome, Victory Field and Conseco Fieldhouse in Indianapolis for any event at a rate of 6 percent of the admission price (does not include events sponsored by education institutions, religious or charitable organizations.)

| | | | | | |
|------|------------|------|------------|---------------|-------------------|
| FY99 | \$ 1,209.9 | FY03 | \$ 4,457.0 | FY07 | \$ 6,689.6 |
| FY00 | \$ 4,567.5 | FY04 | \$ 5,041.8 | FY08 | \$ 6,491.9 |
| FY01 | \$ 4,527.7 | FY05 | \$ 5,212.6 | FY09 | \$7,017.00 |
| FY02 | \$ 4,247.0 | FY06 | \$ 6,273.3 | CHANGE | 8.09% |

Marion County Supplemental Auto Rental Excise Tax

Based on the gross retail income from the rental of passenger motor vehicles and trucks in Marion County for less than a 30-day period at a rate of 4 percent. Revenue from the tax is paid to the Capital Improvement Board of Managers.

| | | | | | |
|------|------------|------|------------|---------------|------------------|
| FY99 | \$ 1,667.8 | FY03 | \$ 1,772.5 | FY07 | \$ 4,126.0 |
| FY00 | \$ 1,658.7 | FY04 | \$ 1,827.3 | FY08 | \$ 4,599.9 |
| FY01 | \$ 1,883.7 | FY05 | \$ 1,941.3 | FY09 | \$3,929.7 |
| FY02 | \$ 1,950.4 | FY06 | \$ 3,319.7 | CHANGE | -14.57% |

Motor Carrier Fuel Tax

Per gallon rate of \$0.16 for all motor fuel used by commercial motor carriers operating on Indiana highways.

| | | | | | |
|------|------------|------|------------|---------------|------------------|
| FY99 | \$ 7,039.4 | FY03 | \$ 5,186.2 | FY07 | \$ 3,295.0 |
| FY00 | \$ 5,745.2 | FY04 | \$ 6,759.4 | FY08 | \$ 1,395.2 |
| FY01 | \$ 3,727.0 | FY05 | \$ 6,034.3 | FY09 | \$1,827.4 |
| FY02 | \$ 5,068.7 | FY06 | \$ 3,481.2 | CHANGE | 30.98% |

Motor Carrier Surcharge Tax

Per gallon rate of \$0.11 for all motor fuel used by commercial motor carriers operating on Indiana highways.

| | | | | | |
|------|-------------|------|-------------|---------------|--------------------|
| FY99 | \$ 90,232.4 | FY03 | \$ 79,540.8 | FY07 | \$ 100,613.0 |
| FY00 | \$ 76,747.4 | FY04 | \$ 85,343.2 | FY08 | \$ 91,756.8 |
| FY01 | \$ 91,891.2 | FY05 | \$ 84,280.2 | FY09 | \$ 87,798.6 |
| FY02 | \$ 79,466.6 | FY06 | \$ 91,040.2 | CHANGE | -4.31% |

Motor Vehicle Excise Tax

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 is otherwise collected by the Bureau of Motor Vehicles.)

| | | | | | |
|------|----------|------|----------|---------------|----------------|
| FY99 | \$ 281.4 | FY03 | \$ 10.9 | FY07 | \$ 31.3 |
| FY00 | \$ 122.1 | FY04 | \$ 11.2 | FY08 | \$ 9.9 |
| FY01 | \$ 20.4 | FY05 | \$ 148.6 | FY09 | \$3.30 |
| FY02 | \$ 14.1 | FY06 | \$ 175.1 | CHANGE | -66.67% |

Pari-Mutual Admission Tax

Hoosier Parks no longer imposes an admission charge.

| | | | | | |
|------|---------|------|--------|---------------|-----------------|
| FY99 | \$ 26.0 | FY03 | \$ 9.7 | FY07 | \$ 3.5 |
| FY00 | \$ 21.4 | FY04 | \$ 8.0 | FY08 | \$ 1.7 |
| FY01 | \$ 18.3 | FY05 | \$ 3.7 | FY09 | \$0.00 |
| FY02 | \$ 13.9 | FY06 | \$ 4.1 | CHANGE | -100.00% |

Pari-Mutual Wagering Tax

A 2-percent levy is imposed on the total amount of money wagered on online races and simulcasts conducted at a permit holder's racetrack. The tax is 2.5 percent of the total amount of money wagered on simulcasts from satellite facilities.

| | | | | | |
|------|------------|------|------------|---------------|------------------|
| FY99 | \$ 3,648.5 | FY03 | \$ 3,744.8 | FY07 | \$ 4,188.3 |
| FY00 | \$ 3,751.7 | FY04 | \$ 4,154.2 | FY08 | \$ 4,077.0 |
| FY01 | \$ 3,534.3 | FY05 | \$ 4,515.1 | FY09 | \$3,623.3 |
| FY02 | \$ 3,537.4 | FY06 | \$ 4,398.8 | CHANGE | -11.13% |

Petroleum Severance Tax

Levied against producers or owners of crude oil or natural gas and imposed at the time these products are removed from the ground at a rate equal to the greater of either 1 percent of the petroleum value, or \$0.03 per 1,000 cubic feet for natural gas and \$0.24 per barrel of oil.

| | | | | | |
|------|----------|------|------------|---------------|------------------|
| FY99 | \$ 506.3 | FY03 | \$ 517.2 | FY07 | \$ 1,153.2 |
| FY00 | \$ 467.0 | FY04 | \$ 557.5 | FY08 | \$ 1,680.4 |
| FY01 | \$ 565.3 | FY05 | \$ 928.8 | FY09 | \$1,475.3 |
| FY02 | \$ 579.8 | FY06 | \$ 1,161.4 | CHANGE | -12.21% |

Public Utility Tax (Railroad Car Companies/Railroads)

Based each year on assessments by the Indiana Department of Local Government Finance on the indefinite-situs distributable property of a railroad company that provides service within a commuter transportation district.

| | | | | | |
|------|------------|------|------------|---------------|------------------|
| FY99 | \$ 5,786.7 | FY03 | \$ 5,815.5 | FY07 | \$ 4,540.8 |
| FY00 | \$ 5,996.7 | FY04 | \$ 3,596.9 | FY08 | \$ 5,250.4 |
| FY01 | \$ 8,586.6 | FY05 | \$ 3,281.8 | FY09 | \$5,397.2 |
| FY02 | \$ 5,020.5 | FY06 | \$ 4,255.1 | CHANGE | 2.80% |

Riverboat Admissions Tax

Specific to any licensed riverboat on Indiana waterways at a rate of \$3 per person admitted.

| | | | | | |
|------|--------------|------|-------------|---------------|-------------------|
| FY99 | \$ 110,745.4 | FY03 | \$ 80,553.4 | FY07 | \$ 83,758.3 |
| FY00 | \$ 116,565.6 | FY04 | \$ 80,684.6 | FY08 | \$ 79,837.4 |
| FY01 | \$ 118,630.0 | FY05 | \$ 80,926.2 | FY08 | \$78,859.5 |
| FY02 | \$ 127,769.1 | FY06 | \$ 81,095.2 | CHANGE | -1.22% |

Riverboat Wagering Tax

If a licensed riverboat does not have flexible scheduling (dockside gaming), a tax of 22.5 percent is levied against its adjusted gross receipts (total wagers, less payouts, less uncollected gaming receivables). If the boat has implemented flexible scheduling, the tax rate is graduated and ranges from 15 percent to 35 percent, depending on the adjusted gross receipts.

| | | | | | |
|------|--------------|------|--------------|---------------|---------------------|
| FY99 | \$ 295,181.4 | FY03 | \$ 586,437.0 | FY07 | \$ 763,913.0 |
| FY00 | \$ 328,200.8 | FY04 | \$ 679,482.9 | FY08 | \$ 730,404.4 |
| FY01 | \$ 349,092.0 | FY05 | \$ 709,573.2 | FY09 | \$688,230.00 |
| FY02 | \$ 381,814.2 | FY06 | \$ 718,082.3 | CHANGE | -5.77% |

Sales and Use Tax

Seven percent on purchases of tangible personal property, public utility service and some rental transactions, which is collected at the retail level.

| | | | | | |
|------|----------------|------|----------------|---------------|----------------------|
| FY99 | \$ 3,414,847.5 | FY03 | \$ 4,210,262.5 | FY07 | \$ 5,423,496.6 |
| FY00 | \$ 3,687,291.7 | FY04 | \$ 4,759,445.3 | FY08 | \$ 5,738,830.4 |
| FY01 | \$ 3,723,138.6 | FY05 | \$ 5,001,048.9 | FY09 | \$6,205,636.3 |
| FY02 | \$ 3,798,489.0 | FY06 | \$ 5,336,782.3 | CHANGE | 8.13% |

Special Fuel Tax

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

| | | | | | |
|------|--------------|------|--------------|---------------|--------------------|
| FY99 | \$ 161,779.4 | FY03 | \$ 172,712.6 | FY07 | \$ 196,209.4 |
| FY00 | \$ 186,794.0 | FY04 | \$ 183,826.1 | FY08 | \$ 199,688.4 |
| FY01 | \$ 151,335.7 | FY05 | \$ 193,127.5 | FY09 | \$162,777.4 |
| FY02 | \$ 170,308.4 | FY06 | \$ 196,812.7 | CHANGE | -18.48% |

Utility Receipts Tax

The Utility Receipts Tax is 1.4-percent on gross receipts from retail utility sales. **(NOTE:** Fiscal Year 2003 figures include only one-half of a fiscal year.)

| | | | | | |
|------|-------|------|--------------|---------------|---------------------|
| FY99 | ----- | FY03 | \$ 75,907.7 | FY07 | \$ 200,305.0 |
| FY00 | ----- | FY04 | \$ 167,401.1 | FY08 | \$ 215,332.6 |
| FY01 | ----- | FY05 | \$ 170,814.6 | FY09 | \$230,661.00 |
| FY02 | ----- | FY06 | \$ 206,380.1 | CHANGE | 7.12% |

Utility Services Use Tax

The utility services use tax is an excise tax imposed on the retail consumption of utility services in Indiana. The rate is 1.4 percent and is imposed if the utility service provider is not subject to the utility receipts tax.

| | | | | | |
|------|-------|------|-------|---------------|-------------------|
| FY99 | ----- | FY03 | ----- | FY07 | \$ 9,405.8 |
| FY00 | ----- | FY04 | ----- | FY08 | \$ 12,917.7 |
| FY01 | ----- | FY05 | ----- | FY09 | \$13,944.2 |
| FY02 | ----- | FY06 | ----- | CHANGE | 7.95% |

Miscellaneous Fees:

Aircraft Registration Fee

All Indiana aircraft are required to be registered with the aeronautics section of the tax administration division, where an annual \$10 registration/transfer fee is collected. An additional fee of \$20 or 20-percent (whichever is greater) of any unpaid excise tax is charged on all late registrations. There is also an annual aircraft dealers fee of \$25.

| | | | | | |
|------|----------|------|----------|---------------|---------------|
| FY99 | \$ 65.1 | FY03 | \$ 76.5 | FY07 | \$ 74.8 |
| FY00 | \$ 79.6 | FY04 | \$ 75.1 | FY08 | \$ 87.0 |
| FY01 | \$ 118.9 | FY05 | \$ 100.5 | FY09 | \$78.6 |
| FY02 | \$ 94.5 | FY06 | \$ 76.9 | CHANGE | -9.66% |

Charity Gaming Licensing Fee

Licensing fee for qualified organizations is \$50 for the first license. The second license for the same charity gaming activity is based on gross receipts of the previous event. The annual license fee for distributors or manufacturers is \$5,000. This fee is currently collected by the gaming commission.

| | | | | | |
|------|------------|------|------------|---------------|---------------|
| FY99 | \$ 4,264.6 | FY03 | \$ 4,208.7 | FY07 | \$ 0.4 |
| FY00 | \$ 4,328.0 | FY04 | \$ 4,038.9 | FY08 | \$ 0.0 |
| FY01 | \$ 4,303.4 | FY05 | \$ 4,020.0 | FY09 | \$ 0.0 |
| FY02 | \$ 4,282.5 | FY06 | \$ 4,040.5 | CHANGE | 0.00% |

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.

| | | | | | |
|------|---------|------|---------|---------------|----------------|
| FY99 | \$ 51.3 | FY03 | \$ 49.7 | FY07 | \$ 42.5 |
| FY00 | \$ 51.6 | FY04 | \$ 43.8 | FY08 | \$ 39.6 |
| FY01 | \$ 54.5 | FY05 | \$ 51.5 | FY09 | \$38.70 |
| FY02 | \$ 57.9 | FY06 | \$ 35.4 | CHANGE | -2.27% |

Fireworks Public Safety Fee

A fee of 5 percent of the retail price of fireworks sold in Indiana.

| | | | | | |
|------|-------|------|-------|---------------|------------------|
| FY99 | ----- | FY03 | ----- | FY07 | \$ 2,434.5 |
| FY00 | ----- | FY04 | ----- | FY08 | \$ 2,558.7 |
| FY01 | ----- | FY05 | ----- | FY09 | \$2,493.6 |
| FY02 | ----- | FY06 | ----- | CHANGE | -2.54% |

Hazardous Chemical Fee

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

| | | | | | |
|------|----------|------|----------|---------------|----------------|
| FY99 | \$ 576.4 | FY03 | \$ 581.7 | FY07 | \$ 513.8 |
| FY00 | \$ 546.2 | FY04 | \$ 662.0 | FY08 | \$ 564.2 |
| FY01 | \$ 511.3 | FY05 | \$ 689.3 | FY09 | \$544.1 |
| FY02 | \$ 573.4 | FY06 | \$ 588.5 | CHANGE | -3.56% |

International Registration Plan (IRP) Licensing Fee

Licensing fee for motor carriers based on miles driven in specific jurisdictions.

| | | | | | |
|------|-------------|------|-------------|---------------|-------------------|
| FY99 | \$ 75,941.9 | FY03 | \$ 82,395.1 | FY07 | \$ 87,799.9 |
| FY00 | \$ 89,320.1 | FY04 | \$ 86,454.0 | FY08 | \$ 90,181.2 |
| FY01 | \$ 76,728.7 | FY05 | \$ 95,593.6 | FY09 | \$84,782.4 |
| FY02 | \$ 80,293.7 | FY06 | \$ 88,147.4 | CHANGE | -5.99% |

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 to more than \$400.

| | | | | | |
|------|-------------|------|-------------|---------------|-------------------|
| FY99 | \$ 11,528.3 | FY03 | \$ 11,041.1 | FY07 | \$ 10,907.3 |
| FY00 | \$ 12,782.3 | FY04 | \$ 11,498.9 | FY08 | \$ 15,475.1 |
| FY01 | \$ 12,358.6 | FY05 | \$ 12,090.5 | FY09 | \$13,377.1 |
| FY02 | \$ 11,849.5 | FY06 | \$ 13,001.5 | CHANGE | -13.56% |

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.

| | | | | | |
|------|------------|------|------------|---------------|------------------|
| FY99 | \$ 4,612.7 | FY03 | \$ 4,002.8 | FY07 | \$ 5,207.0 |
| FY00 | \$ 4,516.8 | FY04 | \$ 4,358.6 | FY08 | \$ 4,858.6 |
| FY01 | \$ 4,318.0 | FY05 | \$ 5,173.2 | FY09 | \$5,073.2 |
| FY02 | \$ 4,320.3 | FY06 | \$ 5,309.8 | CHANGE | 4.42% |

Underground Storage Tank Fee

An annual fee of \$200 per tank is imposed on owners of underground storage tanks. In addition, there is an annual registration fee of \$90 for each underground petroleum storage tank, and \$45 for each underground storage tank containing regulated substances other than petroleum.

| | | | | | |
|------|-------------|------|-------------|---------------|--------------------|
| FY99 | \$ 26,409.5 | FY03 | \$ 35,992.1 | FY07 | \$ 51,212.5 |
| FY00 | \$ 27,709.5 | FY04 | \$ 32,065.1 | FY08 | \$ 52,990.7 |
| FY01 | \$ 32,467.5 | FY05 | \$ 29,396.5 | FY09 | \$50,883.00 |
| FY02 | \$ 24,306.6 | FY06 | \$ 50,454.5 | CHANGE | -3.98% |

Waste Tire Management Fee

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

| | | | | | |
|------|------------|------|------------|---------------|------------------|
| FY99 | \$ 1,963.8 | FY03 | \$ 1,079.3 | FY07 | \$ 1,768.2 |
| FY00 | \$ 3,203.6 | FY04 | \$ 1,612.0 | FY08 | \$ 1,512.8 |
| FY01 | \$ 911.8 | FY05 | \$ 1,860.0 | FY09 | \$1,516.9 |
| FY02 | \$ 613.8 | FY06 | \$ 1,261.4 | CHANGE | 0.27% |

Returns Processing

The vast majority of returns and forms sent to the Department each year are prepared correctly, and the Department has been able to process them using the latest technology available. We receive in excess of 4.5 million documents to be processed. Some of those items are received with incomplete information or no basic information from the taxpayer. It then becomes the Department's responsibility to make decisions about what to do with the information or money it has received. The Department strives each year to process the returns and checks more efficiently and accurately.

To do this, the Department needs the mutual cooperation of Indiana taxpayers and their preparers to help identify where they can eliminate errors before they get to the Department. The agency also is committed to identifying and resolving internal flaws that result in filing and processing errors.

The following is a list of the most common filing errors found in the tax-filing process:

Duplication of filing

Duplicate filing usually occurs when a taxpayer files a return electronically and then sends the Department a paper copy of the return, along with the payment or as an informational return. Once this duplicate filing is identified, an employee must go into the system to mark the second filing as "information only" to ensure accuracy.

Calculation errors

When a calculation error is detected, it causes the Department system to flag the return. An employee must then review the return and determine if the error is truly a calculation error, a problem with how the information was interpreted in the data-capture process or if the information was placed on an incorrect form line, which may cause the columns on the tax return to total incorrectly. Once the error has been determined, the return will post properly.

Claiming credits incorrectly

It is common for a credit to be claimed when it cannot be substantiated or the proper documentation is not included with the return. This causes the credit to be denied; otherwise, an employee must contact the taxpayer to provide the information.

Failure to complete a tax return or filing

When returns are received without all the necessary information, including all W-2s, the return will be processed with only the information provided. This can cause any deductions and/or credits not verified to be denied and could result in a reduced refund or possible notice of tax due. A letter will be sent to the taxpayer stating the reason for the denial or reduction.

What Indiana Taxpayers Have To Say

Comment about Karen Wright

"In the last two days, I have had to make several calls to your tax help line. I am writing because those workers are hands-down the most professional, efficient, courteous, dedicated and kindly group of people I have ever had to contact in my life!

My complete respect and appreciation to your brilliant staff. You must be very proud of each of them. I will never forget their patience, empathy and gracious help! "

D. Elliot

Use of non-departmental payment coupons

The Department provides taxpayers with automation-friendly coupons, according to tax type, for many of the taxes due to the state. These coupons are preprinted with information regarding the taxpayer name, account number, tax type and the period for which the coupon is being filed. The information about the taxpayer is included in the scan line at the bottom of the coupon. The automation-friendly equipment used to process the document and money will then read the information from the scan line and post the information accordingly. If these coupons are not used correctly, or are used by a taxpayer for another account number, it will cause the return and payment to be posted to the incorrect account. Therefore, if a taxpayer does not have the correct documents for the account printed out of a software package or provided by the Department, the taxpayer will need to contact a Department taxpayer representative to have the coupon replaced, or to receive instructions as to how the payment should be processed to ensure property posting.

Post-filing coupons (PFC)

For the past 11 years, the Department has worked with a number of software vendors to allow taxpayers to file individual income-tax returns electronically. As a part of this effort between the Department and software vendors, taxpayers can file electronically as early in the year as they prefer yet delay payment until the filing deadline date. Therefore, the PFC was developed according to Department standards so that automation-friendly coupons may be generated from software packages at home or by the tax preparer. This practice has become widespread during the past 11 years, but with that success has come one distinct problem: the scan line printed from the software is not printed in OCR-A Extended font. The user can download this font, or the software vendor can hard-code it into the program. However, this must be completed so that the Department can read the information correctly to ensure accuracy.

IT-9, extension payment vouchers

The Department asks taxpayers not to file these forms if there is no tax due or if the taxpayer is not sending a payment. The receipt of this form without a payment, or if no payment is due, will not extend the period to file the tax return.

Failure to file the proper application and/or register with the Department

When a taxpayer has not provided the proper information to register a business, the Department will contact the taxpayer if a check or tax return is received for payment of taxes.

Reporting errors

Reporting errors are received on virtually every type of tax return – including, but not limited to, income, sales, fuel, cigarette and motor carrier tax types. Typical errors include, but are not limited to, the form not being signed, no identifying account number, the wrong form or form revision being used, missing schedules, lack of documentation, duplication of a credit or deduction or failure to calculate county tax. These errors may result in the form being returned to the taxpayer, a representative from the Department contacting the customer, a bill being sent for the amount of perceived tax due and/or the inability to post the return and or payment properly.

The Audit Division Statistical Study addresses the requirements set forth by IC 6-8.1-14-4 (2). The information is based on 100 percent of the audits completed and taxpayers assisted during fiscal year 2009.

See page for an index of exhibits and charts included.

- Taxpayers served in district offices, p. 25
- Gross income tax violations, p. 25
- Sales/use tax violations, p. 26
- Adjusted gross income tax violations, p. 26
- Financial institutions tax violations, p. 27
- Utility receipts tax violations, p. 27
- Amounts of tax assessed, p. 27
- Industry/business most frequently in violation, p. 29
- Special tax violations, p. 30
- Miscellaneous code violations, p. 31
- Number of years in the audit period, p. 31

Taxpayers served in district offices

Taxpayer assistance is available in all district offices. Each office has a taxpayer assistance supervisor and assistant taxpayer assistance supervisor who perform taxpayer-service functions, as well as other office-support responsibilities. Each office has at least one field representative who performs collection functions in the district. Contract employees are available throughout the year to support taxpayer assistance.

The "Taxpayer Assistance Report-Fiscal Year 2009" (Exhibit A) provides the number of taxpayers assisted (in person and by telephone) and the amount of money collected and assessed in each office through the taxpayer assistance program. Exhibit A reveals that during fiscal year 2009, district offices assisted 161,003 taxpayers in person and 168,703 taxpayers through telephone contact. Total taxpayers served through the district offices was 329,706, which is a 6 percent increase in the total number of taxpayers served in FY 2008. This was accomplished with one fewer full-time employee in each district office.

The district office in Merrillville served 24,859 taxpayers in person, while the Clarksville district office served 21,555 taxpayers in person. These were the highest numbers of taxpayers served in person among the district offices, totaling 29 percent of total taxpayers served in the district offices.

The Merrillville district office served 24,554 taxpayers by telephone, while the Clarksville district office served 23,435 taxpayers by telephone. These were the highest numbers of telephone contacts among the district offices, totaling 28 percent of total taxpayer telephone contacts. The Merrillville district office served a total of 49,413 taxpayers by telephone and walk-in assistance, while Clarksville served 44,990 taxpayers by telephone and walk-in assistance.

Gross income tax violations

For audits conducted in FY 2009, the most frequently violated gross income tax rule was 45 IAC 1.1-2-4. Rule 2-4 defines taxable high-rate income of utilities, display advertising, sale of real estate, rentals and extension of credit. This rule accounted for nine violations (47 percent) of all violations of gross income tax rules in FY 2009. For audits conducted in FY 2008, Rule 2-4 accounted for the most violations with 25 (25 percent). For audits conducted in FY 2007, Rule 2-4 accounted for the most violations with 25 (25 percent).

The second most violated gross income tax rule for FY 2009 was 45 IAC 1.1-2-2. Rule 2-2 defines taxable low-rate gross income of retail and wholesale sales; display advertising; dry cleaning and laundry service; rental of water-softening equipment; rental of rooms, lodging, booths and similar accommodations and commercial printing. This rule accounted for 7 (37 percent) of all

gross income tax violations for FY 2009. Ranking second in gross income tax violations for FY 2008 was 45 IAC 1.1-2-5. Rule 2-5 defines gross income derived from providing services within Indiana. This rule accounted for 11 (23 percent) of all violations in FY 2008. In FY 2007, Rule 2-2 and Rule 2-5 equally accounted for the second most violations with 20 (40 percent).

Sales/use tax violations

For audits conducted in FY 2009, the most frequently violated sales and use tax rule was 45 IAC 2.2-3-20. Rule 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 tax directly to the Department. This rule accounted for 1,180 (21 percent) of all violations of the sales and use tax violations in FY 2009. For audits conducted in FY 2008, Rule 3-20 accounted for the most violations with 748 (18 percent) of all violations. For audits conducted in FY 2007, Rule 3-20 accounted for the most violations with 860 (18 percent).

The second most violated sales and use tax rule in 2009 was 45 IAC 2.2-3-4. Rule 3-4 imposes use tax on tangible personal property purchased 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 accounted for 848 (15 percent) of the sales and use tax violations in FY 2009. In FY 2008, Rule 3-4 accounted for the second most violations with 522 (13 percent). In FY 2007, Rule 3-4 accounted for the second most violations with 548 (12 percent).

The third most violated sales and use rule for the FY 2009 was 45 IAC 2.2-5-8. Rule 5-8 clarifies 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. This rule accounted for 573 (10 percent) of the sales and use tax violations for FY 2009. In FY 2008, Rule 5-8 accounted for the third most violations with 443 (11 percent). In FY 2007, Rule 5-8 accounted for the third most violations with 410 (9 percent).

Adjusted gross income tax violations

In FY 2009, the most frequently violated adjusted gross income tax rule was Rule 45 IAC 3.1-1-2. Rule 1-2 defines gross income for individuals as defined in Section 61 of the Internal Revenue Code. This rule accounted for 89 (18 percent) of all violations of the adjusted gross income tax violations in FY 2009. In FY 2008, Rule 45 IAC 3.1-1-1 accounted for the most violations with 168 (29 percent). This rule defines adjusted gross income for individuals as defined in Section 62 of the Internal Revenue Code. In FY 2007, Rule 1-2 accounted for the most violations with 168 (29 percent).

The second most frequently violated adjusted gross income tax rule for FY 2009 was 45 IAC 3.1-1-97. Rule 1-97 defines withholding agents and their responsibility for remitting tax withheld to Indiana. This rule accounted for 74 (15 percent) of the adjusted gross income tax violations in FY 2009. In FY 2008, Rule 1-97 accounted for the second most violations with 57 (13 percent). In FY 2007, Rule 1-2 accounted for the second most violations with 65 (11 percent). The third most frequently violated adjusted gross income tax rule in FY 2009 was 45 IAC 3.1-1-8. Rule 1-8 defines adjusted gross income for corporations as "taxable income" as defined in section 63 of the Internal Revenue Code. This rule accounted for the third most violations with 66 (13 percent) of the adjusted gross income tax violations in FY 2009. In FY 2008, Rule 1-8 accounted for the third most violations with 56 (13 percent). In FY 2007, Rule 1-97 accounted for the third most violations with 64 (11 percent).

Quality That Counts Spotlight



Alice Quakenbush

What began for Tax Administration Support Manager **Alice Quakenbush** as a casual Sunday afternoon turned into a real benefit for the Department, to the tune of more than \$18,000.

While looking at the list of unclaimed property published in a local newspaper, she noticed the Indiana Department of Revenue and several other state agencies on the list. "On her own initiative, Alice saved a good deal of money for the Department, as well as several other state agencies," said Deputy Commissioner Joe VanDevender. "This is the kind of above-and-beyond creativeness and initiative that should be commended and rewarded."

Financial institutions tax violations

In FY 2009, the most frequently violated financial institutions tax rule was Rule 45 IAC 17-3-6. Rule 3-6 defines the calculation of the financial institutions tax for taxpayers filing a combined return. This rule accounted for 8 violations (36 percent of all violations) of the financial institutions tax violations in FY 2009. The second most frequently violated financial institutions tax rule for FY 2009 was 45 IAC 17-3-1. Rule 3-1 defines adjusted gross income as taxable income as defined in Section 63 of the Internal Revenue Code. This rule accounted for 4 violations (18 percent of all violations) in FY 2009. The third most frequently violated financial institutions tax rule was 45 IAC 17-3-5. This rule defines a unitary group. This rule accounted for 3 violations (14 percent of all violations) in FY 2009. This is the first year that separate statistics have been calculated for financial institutions tax.

Utility receipts tax violations

In FY 2009, the most frequently violated utility receipts tax rule was IC 6-2.3-2-1. This code citation defines the utility receipts tax. This citation accounted for 14 violations (45 percent of all violations) of the utility receipts tax in FY 2009. The second most frequently violated utility receipts tax code citations were IC 6-2.3-1-4 and IC 6-2.3-3-10. IC 2.3-1-4 defines "gross receipts". IC 6-2.3-3-10 defines installation, repair, maintenance, equipment or leasing services as gross receipts. Each citation accounted for 5 violations (16 percent of all violations) in FY 2009. The third most violated utility receipts-tax code citation was IC 6-2.3-1-6. This citation defines "receives" as applied to gross receipts. This citation accounted for 2 violations (6 percent of all violations) for FY 2009. This is the first year that separate statistics have been calculated for financial institutions tax.

Amounts of tax assessed

Exhibits C, D, E, F and G display the amount of assessments (refunds) of the gross income tax, sales tax, adjusted gross income tax, financial institutions tax and utility receipts tax administrative rules Indiana code, respectively. "Total assessments" for any tax type represent gross assessments less amounts refunded.

The amount assessed or refunded for each of the most frequent violations and the percentage of the amount to total net assessments are presented as follows:

Gross Income Tax—Exhibit C:

| | Amount Assessed | Percentage of All Assessments |
|----------------|------------------------|--------------------------------------|
| 45 IAC 1.1-2-4 | \$2,620,303 | 92.67% |
| 45 IAC 1.1-2-2 | \$98,650 | 3.49% |

Sales/Use Tax—Exhibit D:

| | Amount Assessed | Percentage of All Assessments |
|-----------------|------------------------|--------------------------------------|
| 45 IAC 2.2-3-20 | \$8,900,089 | 15.38% |
| 45 IAC 2.2-3-4 | \$3,506,094 | 6.06% |
| 45 IAC 2.2-5-8 | \$12,527,252 | 21.65% |

Adjusted Gross Income Tax—Exhibit E:

| | Amount Assessed | Percentage of All Assessments |
|-----------------|------------------------|--------------------------------------|
| 45 IAC 3.1-1-2 | \$453,504 | 00.95% |
| 45 IAC 3.1-1-97 | \$317,521 | 00.67% |
| 45 IAC 3.1-1-8 | \$24,731,412 | 51.97% |

Financial Institutions Tax—Exhibit F:

| | Amount Assessed | Percentage of All Assessments |
|---------------|------------------------|--------------------------------------|
| 45 IAC 17-3-6 | \$2,870,480 | 10.16% |
| 45 IAC 17-3-1 | \$149,824 | 00.53% |
| 45 IAC 17-3-5 | \$13,376,237 | 47.34% |

Utility Receipts Tax—Exhibit G:

| | Amount Assessed | Percentage of All Assessments |
|--------------|------------------------|--------------------------------------|
| IC 6-2.3-2-1 | \$940,699 | 08.13% |
| IC 6-2.3-1-4 | \$95,713 | 00.83% |
| IC 6-2.3-1-6 | \$259,613 | 86.45% |

Industry /Business Most Frequently In Violation

- **Gross income tax**

For the FY 2009 reporting period, taxpayers engaged in mining, oil and gas extraction and construction accounted for the most violations of the gross income tax rules. This group accounted for 9 violations (47 percent of the total violations). The most frequently violated rule by this group of taxpayers was 45 IAC 1.1-2-4 with 6 violations. Rule 2-4 defines high-rate gross income.

The second largest number of gross income tax violations was committed by taxpayers engaged in repair, personal services and other services. This group committed 5 violations (26 percent of the total violations) for FY 2009. The most frequently violated rule of this group was 45 IAC 1.1-2-2 with 3 violations. Rule 2-2 defines taxable low-rate gross income of retail and wholesale sales; display advertising; dry cleaning and laundry service; rental of water-softening equipment; rental of rooms, lodging, booths and similar accommodations and commercial printing.

- **Sales and use tax**

For the FY 2009 reporting period, taxpayers engaged in wholesale, retail and transportation businesses accounted for the most violations of the sales and use tax rules. This group accounted for 2,118 violations (38 percent of the total violations). The most frequently violated rule by this group of taxpayers was 45 IAC 2.2-3-20 with 566 violations. Rule 3-20 states if a 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 tax directly to the Department.

The second largest number of sales and use tax violations was committed by taxpayers engaged in manufacturing. This group committed 1,169 violations (21 percent of the total violations) for FY 2009. The most frequently violated rule of this group was 45 IAC 2.2-5-8 with 398 violations. Rule 5-8 defines the application of sales and use tax to sales of machinery, tools and equipment used in manufacturing.

- **Adjusted gross income tax**

For the FY 2009 reporting period, unclassified taxpayers engaged in unrelated business activities such as debt finance, rental of real estate, investment and passive income of exempt organizations, rental of personal property and other miscellaneous activities accounted for the most violations of the adjusted gross income tax rules. This group accounted for 176 violations (35 percent of the total violations). The rule most frequently violated by this group was 45 IAC 3.1-1-2, which defines adjusted gross income.

The second largest number of adjusted gross income tax violations was committed by taxpayers engaged in wholesale, retail and transportation. This group committed 103 violations (21 percent of the total violations) for FY 2009. The rule most frequently violated by this group was 45 IAC 3.1-1-97 with 22 violations. Rule -197 defines withholding agents and their responsibility for remitting tax withheld to Indiana.

- **Financial institutions tax**

For the FY 2009 reporting period, taxpayers engaged in finance and insurance accounted for the most violations of the financial institutions tax rules. This group accounted for 17 violations (77 percent of the total violations). The rule most frequently violated by this group was 45 IAC 17-3-6 with 6 violations. Rule 3-6 defines the financial institutions tax liability calculation for taxpayers filing a combined return.

The second largest number of financial institutions tax violations was committed by unclassified taxpayers engaged in debt finance, rental of real estate and rental of personal property. This group committed 3 violations (14 percent of the total violations) for FY 2009. The rules violated were 45 IAC 17-3-1, which defines adjusted gross income for financial institutions; 45 IAC 17-3-5, which defines a unitary group for financial institutions; and 45 IAC 17-3-6, which defines a combined return for financial institutions.

- **Utility receipts tax**

For the FY 2009 reporting period, taxpayers engaged in providing electric power generation, transmission and distribution; natural gas distribution and water, sewage and other systems accounted for the most violations of the utility receipts tax code citations. This group accounted for 20 violations (63 percent of the total violations). The code citation most frequently violated by this group was IC 6-2.3-2-1 with 12 violations. This code citation defines taxable gross receipts subject to the utility receipts tax.

The second largest number of utility receipts tax violations was committed by taxpayers engaged in the telecommunications industry. This group accounted for 10 violations (31 percent of the total violations) for FY 2009. The code citation most frequently violated by this group was IC 6-2.3-3-10 with 4 violations. This code citation classifies receipts from installation, repair, maintenance, equipment or leasing services as gross receipts.

Special tax violations

Exhibit H provides the special tax assessments and refunds by citation.

Article VIII (citation R800 on Exhibit H) of the International Fuel Tax Agreement (IFTA) was the most frequently violated special tax item in the study for FY 2009. It specifies that the taxable event is the consumption of motor fuels in the propulsion of qualified motor vehicles, except fuel consumed that is exempt from taxation by a jurisdiction. All motor fuel acquired that is normally subject to consumption tax is taxable unless the licensee provides proof to the contrary. Article VIII was violated 239 times and yielded \$1,066,643 in net assessments for the state of Indiana. This represents 26 percent of total violations and 55 percent of net assessments. Article VIII was the most violated special-tax citation in the FY 2008 and FY 2007 studies. The FY 2008 study had 181 violations with \$470,420 net assessments, and FY 2007 had 264 violations with \$422,963 net assessments.

Article X (citation R1000 on Exhibit H) of the International Fuel Tax Agreement (IFTA) was the second most frequently violated section of the special tax statutes in the study for FY 2009. This article discusses how taxpayers can obtain credit for tax previously paid on purchases of fuel at the pump. It also lists the records needed to substantiate the refund request. This article was violated 231 times, accounting for 25 percent of the total violations. These violations resulted in net refunds of \$74,784. Article X had the second most violations in the FY 2008 and FY 2007 special tax citations. The FY 2008 study showed 173 violations with \$112,355 net refunds, while FY 2007 showed 280 violations with \$306,823 net assessments.

The taxpayer group most frequently in violation of the special tax statutes and IFTA Articles for FY 2009 was the wholesale, retail and transportation industries. This group committed 801 violations, accounting for 86 percent of the total violations. Article VIII of the IFTA was most frequently violated by the wholesale, retail and transportation industries. The FY 2008 statistics showed the wholesale, retail and transportation industries with the most violations (666). The FY 2007 statistics showed the wholesale, retail and transportation industries with the most violations (280).

What Indiana Taxpayers Have To Say

Comment about Angela Coleman

"Thank you so much for taking care of my state taxes. You certainly are an asset to the Department of Revenue. Your honesty puts new confidence in our state system. You are my special 'angel' and just wanted to let you know how much I appreciate everything you have done for me."

Y. Fawcett

Miscellaneous code violations

Exhibit I provides the assessment amounts for the following:

- Tax Administration
- Food and Beverage Tax
- Innkeeper's Tax
- Charity Gaming

In FY 2009, the most violated miscellaneous code section was IC 6-8.1-4-2, which accounted for 19 (19 percent) of the violations. These violations yielded \$771,464 in net assessments. IC 6-8.1-4-2 defines the audit and special tax division's powers and duties concerning any books, records or property relevant to the determination of a taxpayer's tax liability. In the FY 2008 study, 45 IAC 15-9-2, which discusses the statute of limitations for refunds, produced 20 (17 percent) of all miscellaneous code violations. In the FY 2007 study, IC 6-6-9, which discusses the auto rental excise tax, produced 75 violations (39 percent).

In FY 2009 the second most violated were 45 IAC 15-9-2 and IC 13-20-13-7, which accounted for 10 each (20 percent) of the violations. Rule 9-2 is discussed above, and IC 13-20-13-7 defines new replacement tire and new vehicle tire fees. In FY 2008, IC 6-2.3-2-1 had the second most violations with 8 (7 percent), resulting in \$923,337 in net assessments. This code section covers the utility receipts tax. Two miscellaneous code sections were the second most violated sections in FY 2007. These were IC 6-2.3-1-6 and IC 6-2.3-2-1, both of which cover utility receipts tax. These two code sections yielded 18 violations (9 percent), resulting in \$332,180 in net assessments.

The wholesale, retail and transportation industries accounted for the most miscellaneous code violations in FY 2009 with 35 violations (35 percent) of the violations. The Information, publishing, telecommunications, finance, rental, insurance, real estate, leasing and professional industries along with the arts, entertainment, recreation, food service and accommodations industries accounted for the second most code violations in FY 2009 with 16 violations (16 percent). The Information, publishing, telecommunications, finance, rental, insurance, real estate, leasing and professional industries along with the arts, entertainment, recreation, food service and accommodations industries accounted for the most miscellaneous code violations in FY 2008 with 32 violations each (54 percent). The repair, personal services and other services accounted for the second most violated code sections in 2008 with 16 (13 percent). The wholesale, retail and transportation industries committed the most miscellaneous code violations in FY 2007 with 88 (45 percent).

Number of years in the audit period

The audit period averages three years.

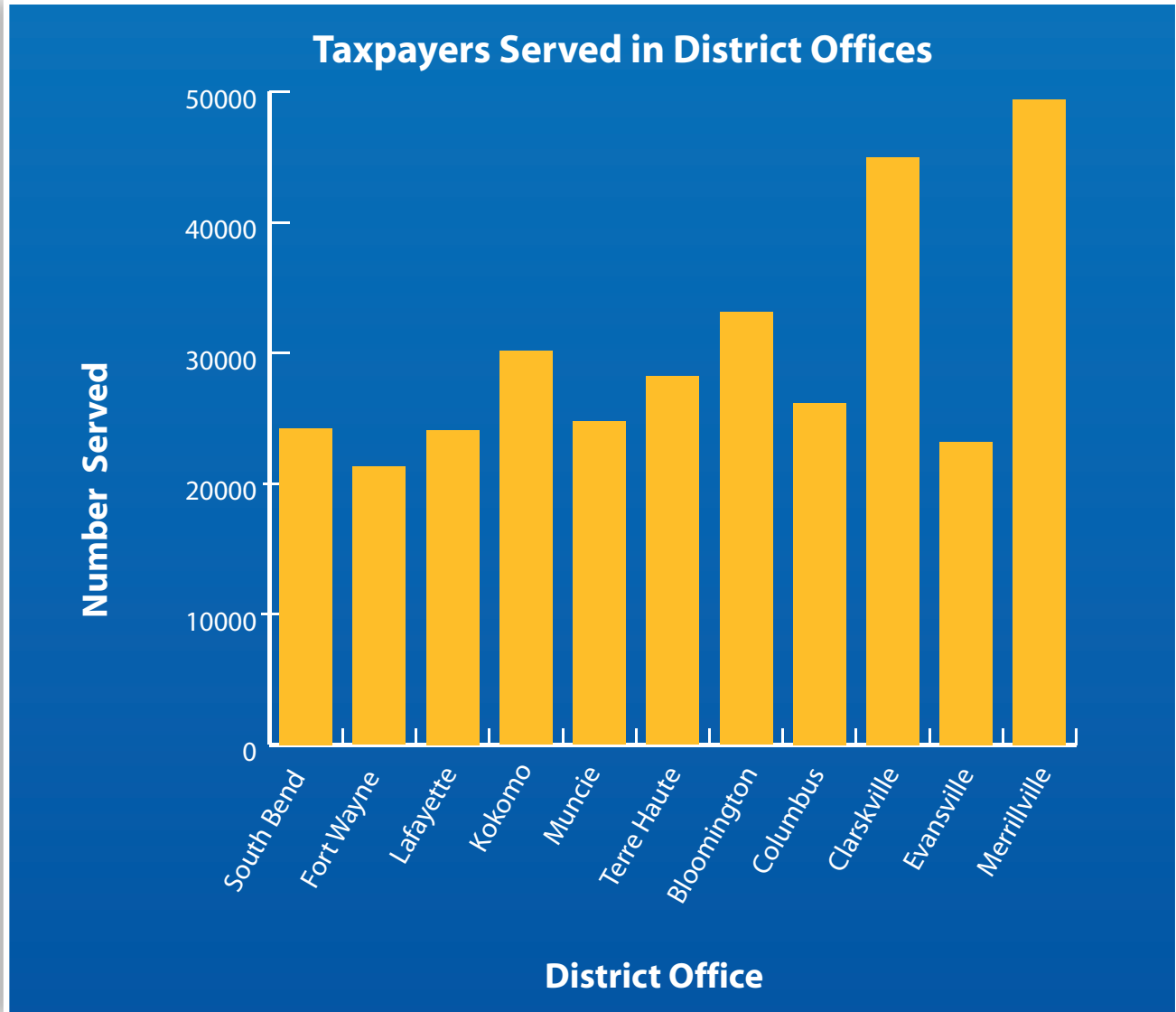
EXHIBITS

| | | |
|---|------------------|-------------------------------|
| Taxpayer Assistance Report – District Offices Taxpayers Served in District Offices | Exhibit A | Page 33 Page 34 |
| Standard Industrial Codes | Exhibit B | Page 35 |
| Gross Income Tax Audits Dollars Assessed in 45 IAC Citations by Industrial Code Gross Income Tax Violations by Industry Group Gross Income Tax Assessed by Industry Group | Exhibit C | Page 36 Page 37 Page 38 |
| Sales and Use Tax Audits Dollars Assessed in 45 IAC Citations by Industrial Code Sales and Use Tax Violations by Industry Group Sales and Use Tax Dollars Assessed by Industry Group | Exhibit D | Page 39 Page 41 Page 42 |
| Adjusted Gross Income Tax Dollars Assessed in 45 IAC Citations by Industrial Code Adjusted Gross Income Tax Violations by Industry Group Adjusted Gross Income Tax Assessed by Industry Group | Exhibit E | Page 43 Page 44 Page 45 |
| Financial Institutions Tax Violations Dollars Assessed in 45 IAC Citations by Industrial Code Financial Institutions Tax Violations by Industry Group Financial Institutions Tax Dollars Assessed by Industry Group | Exhibit F | Page 46 Page 47 Page 48 |
| Utility Receipts Tax Violations Dollars Assessed in IC Citations by Industrial Code Utility Receipts Tax Violations by Industry Group Utility Receipts Tax Dollars Assessed by Industry Group | Exhibit G | Page 49 Page 50 Page 51 |
| Special Tax Dollars Assessed in IAC Citations by Industrial Code Special Tax Violations by Industry Group Special Tax Dollars Assessed by Industry Group | Exhibit H | Page 52 Page 53 Page 54 |
| Miscellaneous Violations Dollars Assessed in IAC Citations by Industrial Code Miscellaneous Code Violations by Industry Group Miscellaneous Code Dollars Assessed by Industry Group | Exhibit I | Page 55 Page 56 Page 57 |

EXHIBIT A

Taxpayer Assistance Report District Offices

| | South Bend | Fort Wayne | Lafayette | Kokomo | Muncie | Terre Haute | Bloomington | Columbus | Clarksville | Evansville | Merrillville | Totals |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Walk-in Assistance | 15,444 | 8,298 | 11,045 | 16,448 | 12,891 | 9,105 | 11,528 | 19,180 | 21,555 | 10,650 | 24,859 | 161,003 |
| Telephone Assistance | 8,792 | 12,996 | 13,066 | 13,714 | 11,871 | 19,098 | 21,610 | 7,005 | 23,435 | 12,562 | 24,554 | 168,703 |
| Totals | 24,236 | 21,294 | 24,111 | 30,162 | 24,762 | 28,203 | 33,138 | 26,185 | 44,990 | 23,212 | 49,413 | 329,706 |
| Collected/ Assessed | \$4,163,218 | \$3,839,555 | \$3,787,591 | \$6,893,015 | \$6,439,080 | \$4,107,808 | \$5,852,086 | \$6,295,036 | \$7,476,057 | \$3,532,013 | \$6,668,030 | \$59,053,489 |



Standard Industrial Codes

The Standard Industrial codes (SIC) used in the Audit Division reports and exhibits are based on the North American Industry Classification System (NAICS). Refer to the following text to explain the industry classification numbering system.

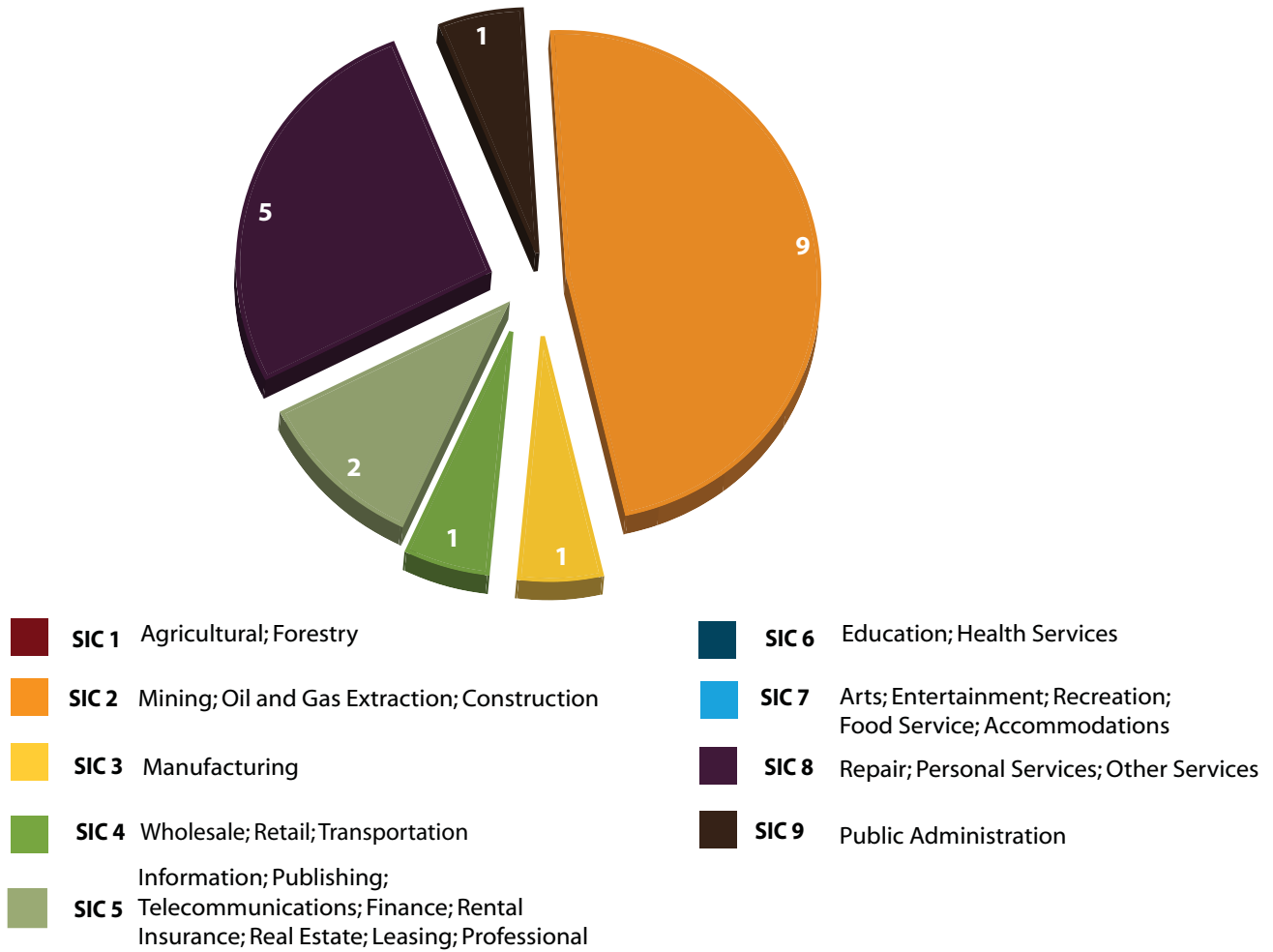
| Class | Explanation |
|-------|---|
| 1 | Agricultural; Forestry |
| 2 | Mining; Oil and Gas Extraction; Construction |
| 3 | Manufacturing |
| 4 | Wholesale; Retail; Transportation |
| 5 | Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services |
| 6 | Education; Health Services |
| 7 | Arts; Entertainment; Recreation; Food Service; Accommodations |
| 8 | Repair; Personal Services; Other Services |
| 9 | Public Administration |

EXHIBIT C

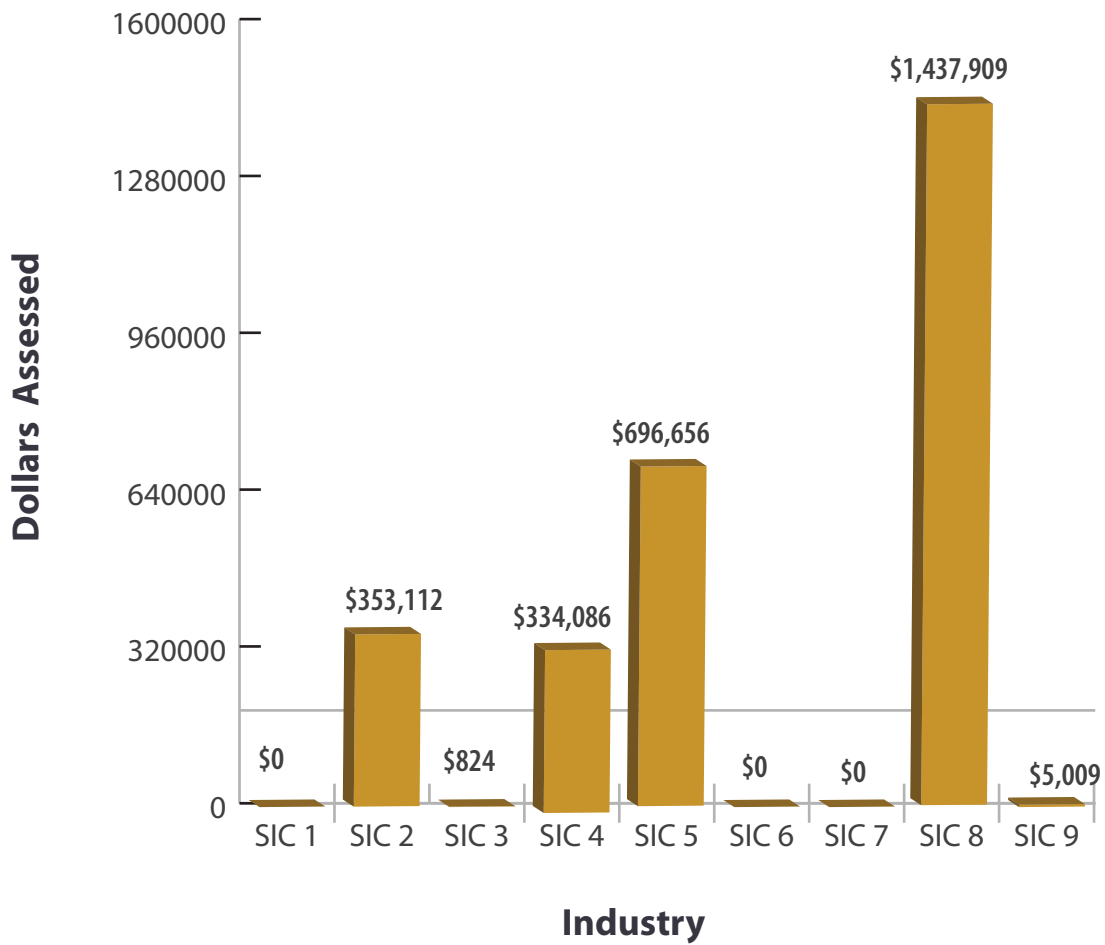
Dollars Assessed in 45 IAC Citations by Industrial Code **Gross Income Tax Audits**

| Sum of Amount | SIC | | | | | | | | | |
|--------------------|-----|----------|-----|---------|---------|---|---|-----------|-------|-------------|
| Citation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Grand Total |
| 45 IAC 1.1-2-1 | | (17,099) | | | | | | | | (17,099) |
| 45 IAC 1.1-2-2 | | (15,299) | | 334,086 | 88,643 | | | (313,789) | 5,009 | 98,650 |
| 45 IAC 1.1-2-4 | | 260,592 | | | 608,013 | | | 1,751,698 | | 2,620,303 |
| 45 IAC 1.1-2-8 | | | 824 | | | | | | | 824 |
| 45 IAC 1.1-3-14 | 0 | 124,918 | | | | 0 | 0 | | | 124,918 |
| Grand Total | 0 | 353,112 | 824 | 334,086 | 696,656 | 0 | 0 | 1,437,909 | 5,009 | 2,827,596 |

Number of **Gross Income Tax Violations** by Industry Group



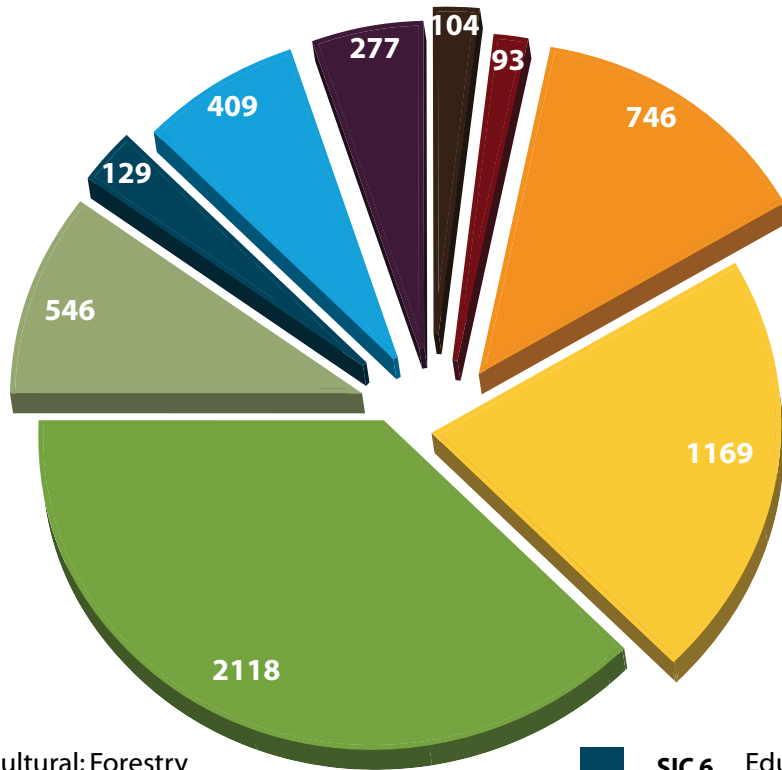
Gross Income Tax Assessed by Industry Group



| Sum of Amount | SIC | | | | | | | | | |
|-----------------|---------|----------|-----------|-----------|-----------|-----------|---------|-----------|---------|-------------|
| Citation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Grand Total |
| 45 IAC 2.2-1-1 | | (1,324) | | 15,242 | | 1,570 | 119,547 | 2,741 | | 137,776 |
| 45 IAC 2.2-2-1 | | 68,652 | | 137,438 | 127,092 | | 6,575 | 17,700 | 2,144 | 359,601 |
| 45 IAC 2.2-2-2 | 1,050 | 35,201 | 10,918 | 2,066,369 | 5,696 | 2,052 | 13,412 | 666,044 | (4,013) | 2,796,729 |
| 45 IAC 2.2-3-1 | | | | 2,326 | 24,246 | | | | | 26,572 |
| 45 IAC 2.2-3-10 | | 29 | 1,117 | | | | | | | 1,146 |
| 45 IAC 2.2-3-11 | | | | | 678 | | | | | 678 |
| 45 IAC 2.2-3-12 | 45,378 | 271,722 | 11,117 | 1,104 | 36,157 | | | 301 | 30,591 | 396,370 |
| 45 IAC 2.2-3-13 | | 51,276 | 11,590 | 127,307 | 62,762 | 907 | 9,133 | 8,969 | | 271,944 |
| 45 IAC 2.2-3-14 | | (30,341) | (338) | (4,235) | | | (2,446) | | | (37,360) |
| 45 IAC 2.2-3-15 | | 6,607 | 31,181 | 2,107,329 | 3,728 | | 855 | 2,099,165 | 214 | 4,249,079 |
| 45 IAC 2.2-3-16 | | (804) | | | | | | | | (804) |
| 45 IAC 2.2-3-18 | | 1,150 | 1,501 | 17,411 | | | | | | 20,062 |
| 45 IAC 2.2-3-20 | 116,239 | 877,487 | 3,797,179 | 1,820,329 | 1,325,419 | 29,687 | 613,196 | 301,682 | 18,871 | 8,900,089 |
| 45 IAC 2.2-3-21 | | | | 1,241 | 2,858 | | | | | 4,099 |
| 45 IAC 2.2-3-22 | | | | 8,111 | | | | | | 8,111 |
| 45 IAC 2.2-3-24 | | 804 | | 4,224 | | | | 14 | | 5,042 |
| 45 IAC 2.2-3-25 | | | (5,896) | | | | | | | (5,896) |
| 45 IAC 2.2-3-26 | | | | | | 8,826 | | | | 8,826 |
| 45 IAC 2.2-3-27 | | 12,423 | 3,809 | (240,291) | 57,676 | 3,682 | 5,392 | 702 | 23,961 | (132,646) |
| 45 IAC 2.2-3-29 | | | | 216 | | | | | | 216 |
| 45 IAC 2.2-3-3 | | | | | | | | | 59,661 | 59,661 |
| 45 IAC 2.2-3-4 | 19,789 | 144,435 | (18,101) | 1,822,750 | 786,467 | 35,395 | 362,834 | 210,472 | 142,053 | 3,506,094 |
| 45 IAC 2.2-3-5 | 1,066 | | 945 | 1,658,315 | 7,465 | | | | | 1,667,791 |
| 45 IAC 2.2-3-7 | | 1,315 | 308 | | | | 230 | | | 1,853 |
| 45 IAC 2.2-3-8 | 60,389 | 6,235 | 8,338 | (360) | | | 12 | (228) | | 74,386 |
| 45 IAC 2.2-3-9 | | 295,590 | 357,768 | 2,267 | 15,089 | | 37 | 16,741 | 1,533 | 689,025 |
| 45 IAC 2.2-4-1 | 103 | (35,881) | 87,324 | 5,839,363 | 212,131 | 798 | 34,495 | 6,978 | 13,195 | 6,158,506 |
| 45 IAC 2.2-4-11 | 3,583 | 15,352 | 1,057 | 1,016 | | | | | | 21,008 |
| 45 IAC 2.2-4-13 | 405 | (12,857) | (412,883) | (23,871) | 3,518 | 151,907 | 12,114 | (8,836) | (1,021) | (291,524) |
| 45 IAC 2.2-4-14 | 162 | | | 155 | 275,709 | | | | | 276,026 |
| 45 IAC 2.2-4-2 | 1,166 | 12,763 | 3,918 | 207,397 | 99,519 | (135,172) | 917 | 1,743 | (575) | 191,676 |
| 45 IAC 2.2-4-21 | | 5,698 | 6,063 | 15,988 | | 69 | | | | 27,818 |
| 45 IAC 2.2-4-22 | 79,205 | 260,608 | 14,540 | 57,622 | 9,010 | | 1,077 | 293 | | 422,355 |
| 45 IAC 2.2-4-23 | | (11,284) | | | | | | | | (11,284) |
| 45 IAC 2.2-4-25 | | 13,769 | | | | | | | 2,151 | 15,920 |
| 45 IAC 2.2-4-26 | 37,692 | 410,040 | 42,907 | 41,016 | 2,066 | | 12,636 | | 299 | 546,656 |
| 45 IAC 2.2-4-27 | 898 | 111,645 | 58,772 | (29,166) | 484,900 | 33,741 | 154,472 | 25,329 | 7,856 | 848,447 |
| 45 IAC 2.2-4-28 | | | | 11,084 | 309 | 180 | | | | 11,573 |
| 45 IAC 2.2-4-3 | 228 | 237 | 1,083 | 1,116 | 1,112 | | 813 | 81 | 6,387 | 11,057 |
| 45 IAC 2.2-4-30 | | | | | 91 | | | | | 91 |
| 45 IAC 2.2-4-32 | | | | | | | 24,398 | | | 24,398 |
| 45 IAC 2.2-4-33 | | | | 26,857 | | | | | | 26,857 |
| 45 IAC 2.2-4-34 | | | | | | | | | 238 | 238 |
| 45 IAC 2.2-4-35 | | | | 332 | | | | | | 332 |
| 45 IAC 2.2-4-4 | | (120) | | (3,051) | (972) | | | | | (4,143) |
| 45 IAC 2.2-4-5 | | | | | | | 23 | | | 23 |
| 45 IAC 2.2-4-7 | | 98 | 76 | 278 | | | | 530 | | 982 |
| 45 IAC 2.2-4-8 | | (5,731) | 2,068 | 10,393 | 680 | | 37,231 | | | 44,641 |
| 45 IAC 2.2-4-9 | | | 535 | 153 | | | 4,223 | | 254 | 5,165 |
| 45 IAC 2.2-5-1 | | | 567 | | | | | | 6,802 | 7,369 |
| 45 IAC 2.2-5-10 | | | 3,859 | 45,741 | | | 14,676 | 2,664 | | 66,940 |
| 45 IAC 2.2-5-11 | | | 776 | | | | | | | 776 |
| 45 IAC 2.2-5-12 | | 2,436 | (45,174) | 3,904 | (19,080) | | 3,126 | (450) | | (55,238) |

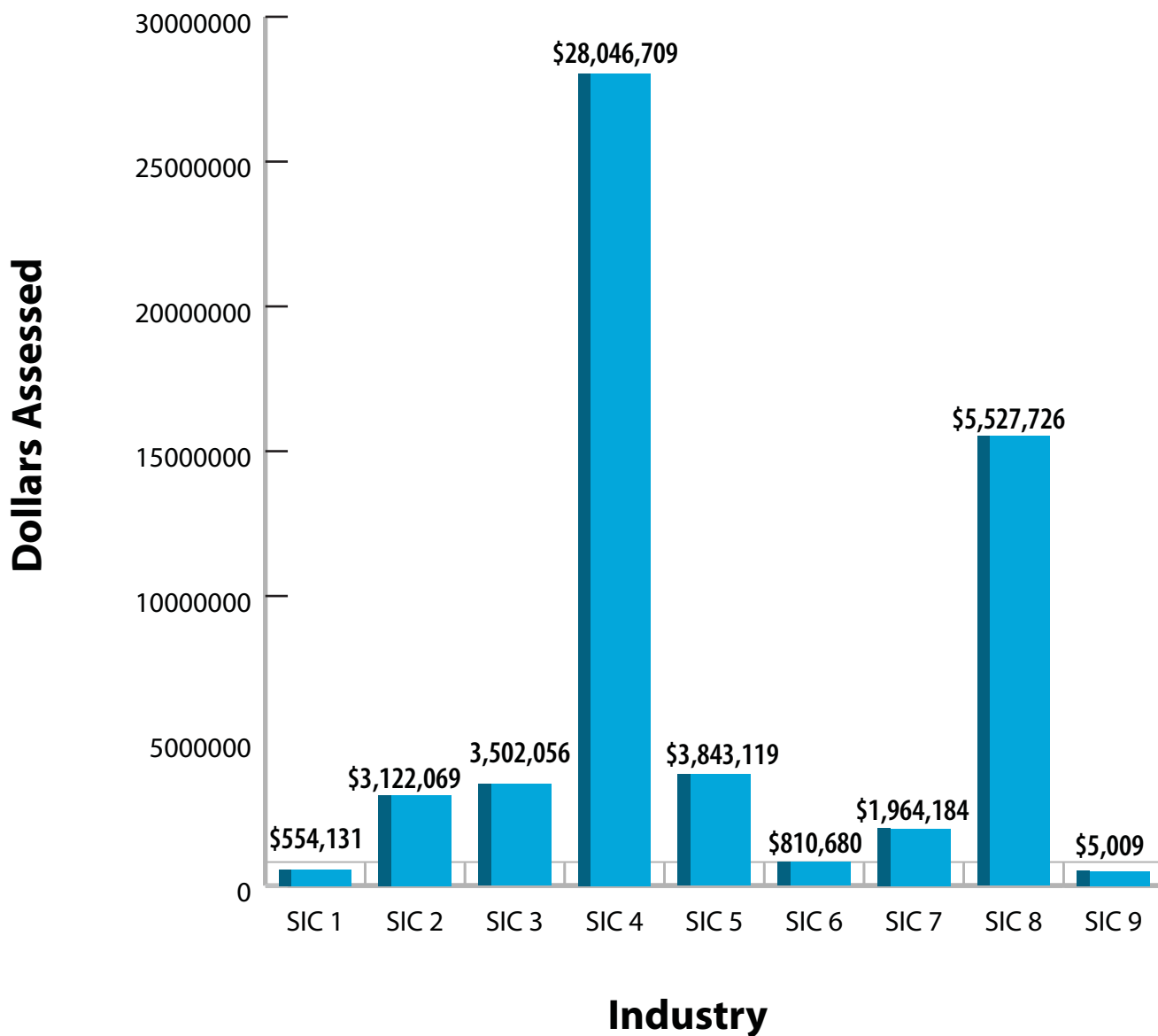
| Sum of Amount | SIC | | | | | | | | | |
|--------------------|----------------|------------------|------------------|-------------------|------------------|----------------|------------------|-------------------|----------------|-------------------|
| Citation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Grand Total |
| 45 IAC 2.2-5-13 | (385) | | (3,246) | 9,955 | | | (11,498) | 12,222,053 | | 12,216,879 |
| 45 IAC 2.2-5-14 | | (705) | (6,132) | (10,407) | | | (340) | (2) | (2,857) | (20,443) |
| 45 IAC 2.2-5-15 | (229) | (67,221) | (6,587) | 39,122 | (115,074) | | (22,003) | 16,423 | (3,478) | (159,047) |
| 45 IAC 2.2-5-16 | (256) | (394) | (60,512) | 4,425 | 2,465 | | 6,671 | 78,642 | (152) | 30,889 |
| 45 IAC 2.2-5-17 | | 6,564 | | | | | | | | 6,564 |
| 45 IAC 2.2-5-2 | (63) | | | | | | | | | (63) |
| 45 IAC 2.2-5-20 | | 45,273 | 1,198 | 1,880 | 133,605 | | 30,496 | | | 212,452 |
| 45 IAC 2.2-5-21 | | | | 501 | | | | | | 501 |
| 45 IAC 2.2-5-24 | | | | | | | | (423) | | (423) |
| 45 IAC 2.2-5-25 | | | | | | | | 395 | | 395 |
| 45 IAC 2.2-5-26 | 156 | 4,312 | 5,816 | 62,405 | 7,055 | 3,727 | 546 | 9,027 | 286 | 93,330 |
| 45 IAC 2.2-5-27 | | | | 1,221 | | (1,424) | | | | (203) |
| 45 IAC 2.2-5-28 | | | | | | (377) | | (73,974) | | (74,351) |
| 45 IAC 2.2-5-29 | | | | | | 4,593 | | | | 4,593 |
| 45 IAC 2.2-5-3 | 2,559 | | 25 | | | | | | | 2,584 |
| 45 IAC 2.2-5-31 | | | | | | 420 | | | | 420 |
| 45 IAC 2.2-5-33 | | | | | 405 | | | | | 405 |
| 45 IAC 2.2-5-36 | | | | 9,482 | 12,153 | 652,320 | | | | 673,955 |
| 45 IAC 2.2-5-38 | | | | (10,278) | | (68) | (15,170) | | | (25,516) |
| 45 IAC 2.2-5-39 | | | (423) | (1,078) | | | (1,980) | | | (3,481) |
| 45 IAC 2.2-5-4 | 10,357 | | 93 | 4,618 | | | | | 1,352 | 16,420 |
| 45 IAC 2.2-5-40 | | | 3,415 | 30,404 | 58 | | | 456 | | 34,333 |
| 45 IAC 2.2-5-42 | | 558 | 123 | 475 | | | | | | 1,156 |
| 45 IAC 2.2-5-43 | | | 217 | 38 | 35,869 | | 4,079 | | | 40,203 |
| 45 IAC 2.2-5-45 | | | 523 | 3,099 | 35 | 2,306 | 5 | | 207 | 6,175 |
| 45 IAC 2.2-5-5 | 1,961 | | | | | | | | | 1,961 |
| 45 IAC 2.2-5-54 | 5,782 | | | | | | | | | 5,782 |
| 45 IAC 2.2-5-55 | | | | | (1,509) | (17) | 173 | | | (1,353) |
| 45 IAC 2.2-5-6 | 5,299 | 1,099 | | 22,958 | | | | | | 29,356 |
| 45 IAC 2.2-5-61 | | | 2,889 | 6,303 | 16,090 | | | 16,980 | 1,920 | 44,182 |
| 45 IAC 2.2-5-62 | | | | (9,140) | 25,683 | | | | | 16,543 |
| 45 IAC 2.2-5-67 | | | | | 272 | | | | | 272 |
| 45 IAC 2.2-5-68 | | | | 2,129 | | | | | | 2,129 |
| 45 IAC 2.2-5-7 | 110,690 | | | | | | | | | 110,690 |
| 45 IAC 2.2-5-70 | | | (412) | | | | | | | (412) |
| 45 IAC 2.2-5-8 | 12,627 | 90,328 | 3,500,613 | 9,374,837 | (650,815) | (345) | 1,891 | 69,306 | 128,810 | 12,527,252 |
| 45 IAC 2.2-5-9 | | 168,944 | (1,400) | | | | | | | 167,544 |
| 45 IAC 2.2-6-1 | | 12,831 | 51,593 | 165,130 | 10,026 | | | 7,992 | | 247,572 |
| 45 IAC 2.2-6-12 | | | | 5,379 | 384,749 | | (2,896) | (288,582) | | 98,650 |
| 45 IAC 2.2-6-13 | | | | 3,221 | | | | | | 3,221 |
| 45 IAC 2.2-6-14 | | (5,972) | (2,491) | 905 | 353 | | (144) | 121 | | (7,228) |
| 45 IAC 2.2-6-15 | | | | 3,828 | | | (309) | | | 3,519 |
| 45 IAC 2.2-6-16 | | | | | 2,255 | | | | | 2,255 |
| 45 IAC 2.2-6-8 | 4,130 | 183,650 | (4,118,515) | 2,099,527 | 405,787 | 15,903 | 514,905 | 67,345 | 25,434 | (801,834) |
| 45 IAC 2.2-6-9 | | 403 | | | | | | | | 403 |
| 45 IAC 2.2-7-5 | | | | | | | (2,032) | | | (2,032) |
| 45 IAC 2.2-7-7 | | | | 121,207 | (4,540) | | | | | 116,667 |
| 45 IAC 2.2-8-1 | | | | | | | | 24,135 | | 24,135 |
| 45 IAC 2.2-8-12 | 34,150 | 175,169 | 77,701 | 350,932 | 53,871 | | 32,813 | 25,197 | 36,696 | 786,529 |
| 45 IAC 2.2-8-6 | | | 80,644 | 203 | | | | | | 80,847 |
| Grand Total | 554,131 | 3,122,069 | 3,502,056 | 28,046,701 | 3,843,119 | 810,680 | 1,964,185 | 15,527,726 | 498,819 | 57,869,486 |

Number of **Sales and Use Tax Violations** by Industry Code



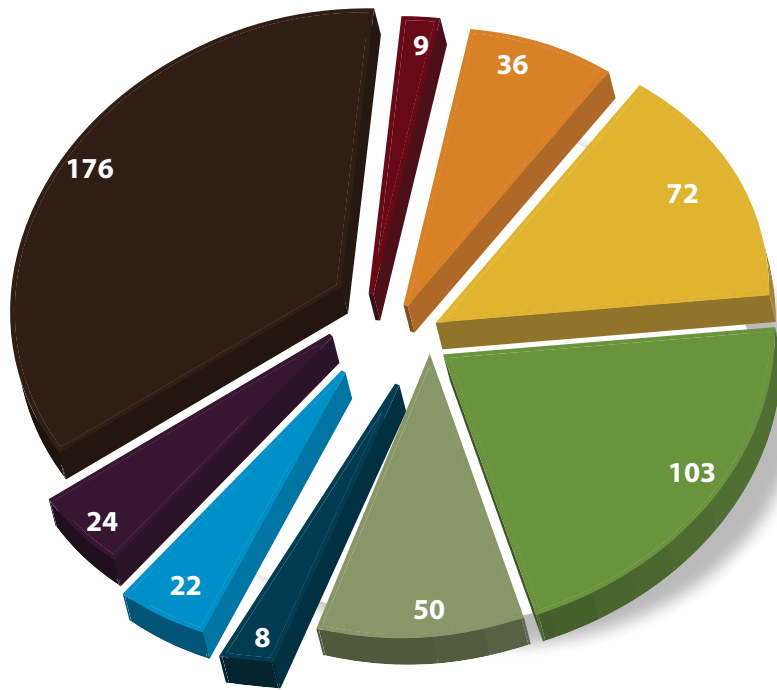
- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

Sales and Use Tax Dollars Assessed by Industry Group



| Sum of Amount | SIC | | | | | | | | | Grand Total |
|--------------------|---------------|----------------|-------------------|------------------|------------------|----------------|---------------|------------------|------------------|-------------------|
| Citation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Grand Total |
| 45 IAC 3.1-1-1 | | 20,211 | | | 31,081 | 2,481 | 13,811 | | 399,172 | 466,756 |
| 45 IAC 3.1-1-100 | | 909 | | | | | 2,029 | | | 2,938 |
| 45 IAC 3.1-1-101 | | | | 3,000 | | | | | | 3,000 |
| 45 IAC 3.1-1-103 | | | | | | | | | (1,554) | (1,554) |
| 45 IAC 3.1-1-108 | | | 5,787 | | | | 4,669 | | | 10,456 |
| 45 IAC 3.1-1-109 | | | 9,332 | 6,814 | 8,466 | | | | | 24,612 |
| 45 IAC 3.1-1-115 | | | | 280 | | | | | | 280 |
| 45 IAC 3.1-1-153 | | 19,274 | (34,651) | | | | | | | (15,377) |
| 45 IAC 3.1-1-2 | | (475) | 3,861 | 28,587 | | 572 | | 7,491 | 413,468 | 453,504 |
| 45 IAC 3.1-1-25 | | | 36,724 | | | | | | 5,673 | 42,397 |
| 45 IAC 3.1-1-3 | | 3,013 | | 22,887 | | | | | 470 | 26,370 |
| 45 IAC 3.1-1-34 | | 825 | | | | | | | | 825 |
| 45 IAC 3.1-1-37 | | | | 5,742 | | | | 285 | | 6,027 |
| 45 IAC 3.1-1-38 | | | | 1,972 | | | | | | 1,972 |
| 45 IAC 3.1-1-39 | | | 402,590 | 173,642 | 11,631 | | | | | 587,863 |
| 45 IAC 3.1-1-40 | | | 224,568 | | | | 500 | | | 225,068 |
| 45 IAC 3.1-1-41 | | 825 | | (2,564) | | | | | | (1,739) |
| 45 IAC 3.1-1-43 | | 5,484 | 57,655 | 232,695 | | | | | | 295,834 |
| 45 IAC 3.1-1-44 | | | | | | | | | 6,691 | 6,691 |
| 45 IAC 3.1-1-45 | | | | 15,766 | | | | | | 15,766 |
| 45 IAC 3.1-1-47 | | | | | | | 5,953 | | | 5,953 |
| 45 IAC 3.1-1-48 | | | | (2,929) | | | | | | (2,929) |
| 45 IAC 3.1-1-49 | | | | 11,779 | | | | | | 11,779 |
| 45 IAC 3.1-1-5 | | 555 | | | | | | | 231,275 | 231,830 |
| 45 IAC 3.1-1-50 | | | 25,368 | | | | | | | 25,368 |
| 45 IAC 3.1-1-51 | (99) | (1,361) | 1,324,792 | (17,969) | (31,504) | | 1,700 | | 688 | 1,276,247 |
| 45 IAC 3.1-1-52 | | 25,269 | 45,533 | 4,822,795 | 1,079,522 | | | 5,267,208 | (10,141) | 11,230,186 |
| 45 IAC 3.1-1-53 | | 31,009 | 94,468 | 322 | | | | | | 125,799 |
| 45 IAC 3.1-1-55 | | | | | 474,490 | | | 681,334 | | 1,155,824 |
| 45 IAC 3.1-1-57 | | | | (237,198) | | | | | | (237,198) |
| 45 IAC 3.1-1-58 | | | | (158,478) | | | | | | (158,478) |
| 45 IAC 3.1-1-59 | | | | (39,350) | | | | | | (39,350) |
| 45 IAC 3.1-1-61 | | | 34,941 | | | | | | | 34,941 |
| 45 IAC 3.1-1-62 | | | 2,067,897 | 31,317 | 3,693,568 | | | 238,535 | | 6,031,317 |
| 45 IAC 3.1-1-64 | | | | | 3,400 | | | | | 3,400 |
| 45 IAC 3.1-1-66 | | | | | 10,200 | | (6,577) | | 68,787 | 72,410 |
| 45 IAC 3.1-1-67 | | | | 599 | | | | | | 599 |
| 45 IAC 3.1-1-7 | | | | | | | | | 2,832 | 2,832 |
| 45 IAC 3.1-1-8 | 21,375 | 278,683 | 17,792,380 | 2,900,966 | 296,097 | | 412 | 2,529,518 | 911,981 | 24,731,412 |
| 45 IAC 3.1-1-9 | 23,874 | (109,480) | (297,858) | 1,992 | 94,007 | 6,670 | 5,570 | 174,109 | | (101,116) |
| 45 IAC 3.1-1-94 | | 59,457 | 12,670 | 1,911 | 38,309 | 132,901 | | 437,733 | 1,108 | 684,089 |
| 45 IAC 3.1-1-97 | 2,768 | 81,160 | 21,653 | 68,102 | 77,124 | 116 | 43,388 | 15,994 | 7,216 | 317,521 |
| 45 IAC 3.1-3-1 | 321 | | 682 | 3,792 | | | | | 13,091 | 17,886 |
| 45 IAC 3.1-3-3 | | | | | 5,006 | | | | 13,088 | 18,094 |
| Grand Total | 48,239 | 415,358 | 21,828,392 | 7,876,472 | 5,791,397 | 142,740 | 71,455 | 9,352,207 | 2,063,845 | 47,590,105 |

Number of **Adjusted Gross Income Tax Violations** by Industry Group



- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

Adjusted Gross Income Tax Assessed by Industry Group

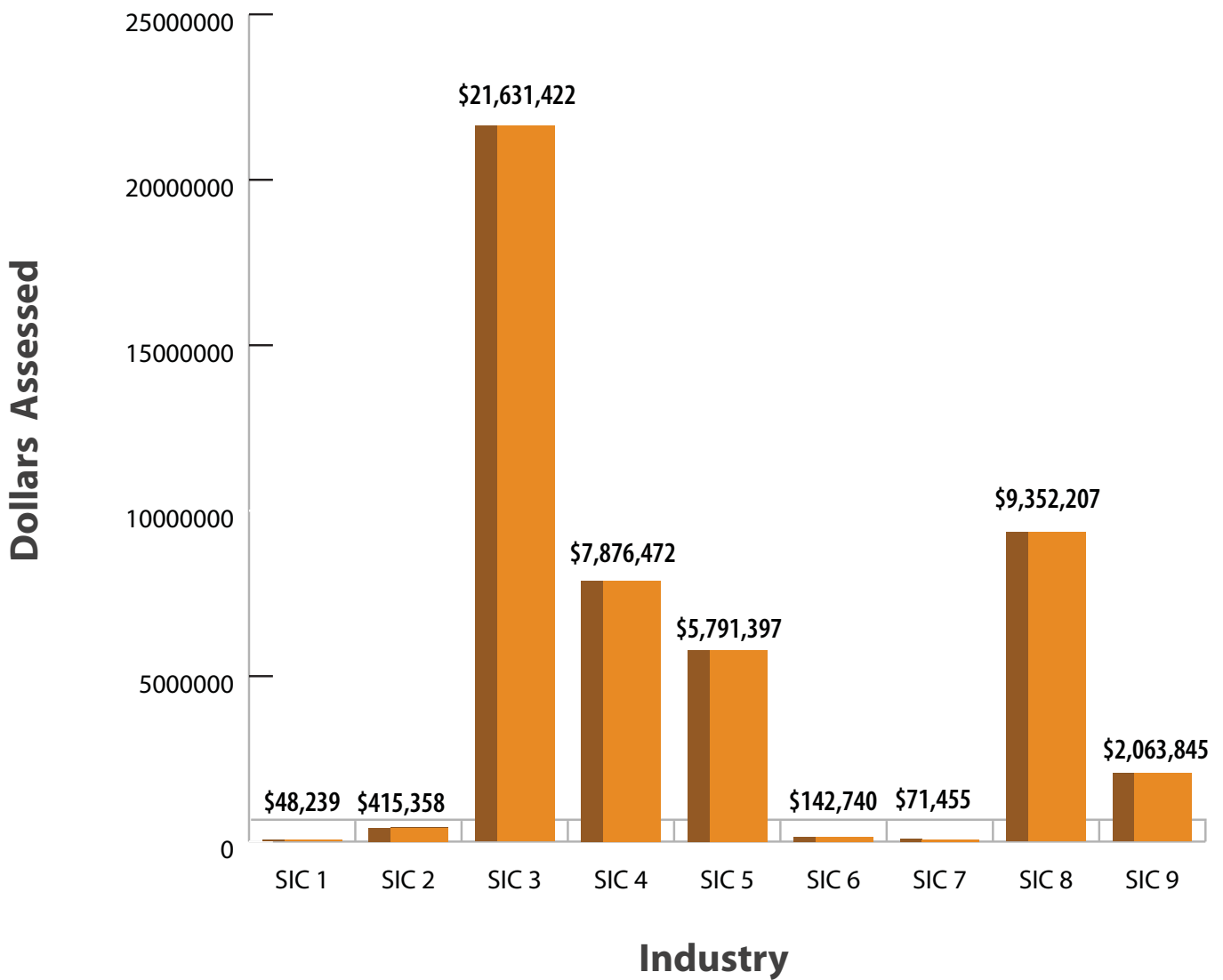
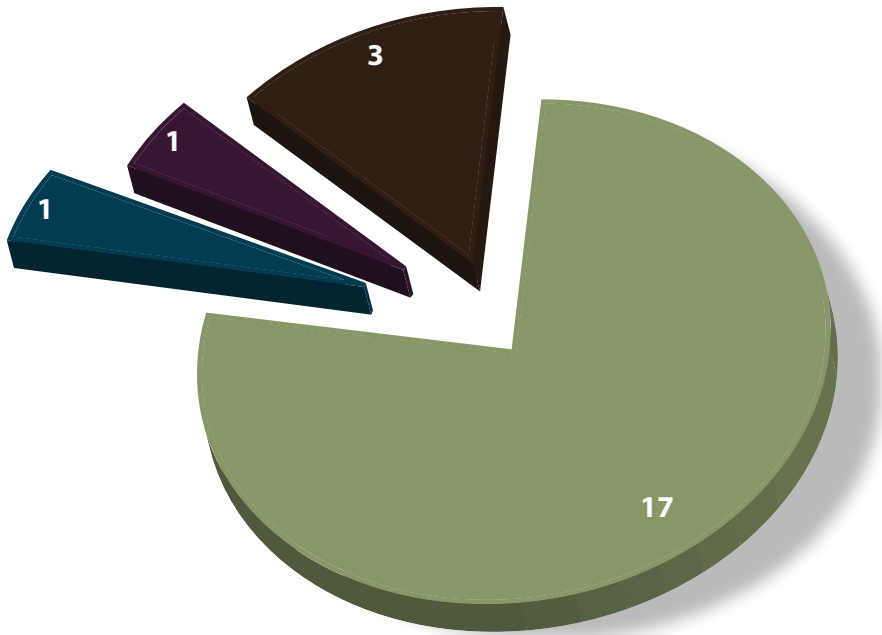


EXHIBIT F

Dollars Assessed in 45 IAC Citations by Industrial Code **Financial Institutions Tax**

| Sum of Amount | SIC | | | | | | | | | |
|--------------------|-----|---|---|---|-------------------|---------------|---|----------------|------------------|-------------------|
| Citation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Grand Total |
| 45 IAC 17-2-1 | | | | | 344,958 | | | | | 344,958 |
| 45 IAC 17-2-3 | | | | | 59,848 | | | | | 59,848 |
| 45 IAC 17-2-6 | | | | | 3,415,616 | | | | | 3,415,616 |
| 45 IAC 17-3-1 | | | | | 150,170 | | | | (346) | 149,824 |
| 45 IAC 17-3-10 | | | | | 20,568 | 14,396 | | | | 34,964 |
| 45 IAC 17-3-4 | | | | | 2,865 | | | | | 2,865 |
| 45 IAC 17-3-5 | | | | | 7,618,273 | | | | 5,757,964 | 13,376,237 |
| 45 IAC 17-3-6 | | | | | 2,424,674 | | | 196,977 | 248,829 | 2,870,480 |
| Grand Total | | | | | 14,036,972 | 14,396 | | 196,977 | 6,006,447 | 20,254,792 |

Number of **Financial Institutions Tax Violations** by Industry Group



- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

Financial Institutions Dollars Assessed by Industry Group

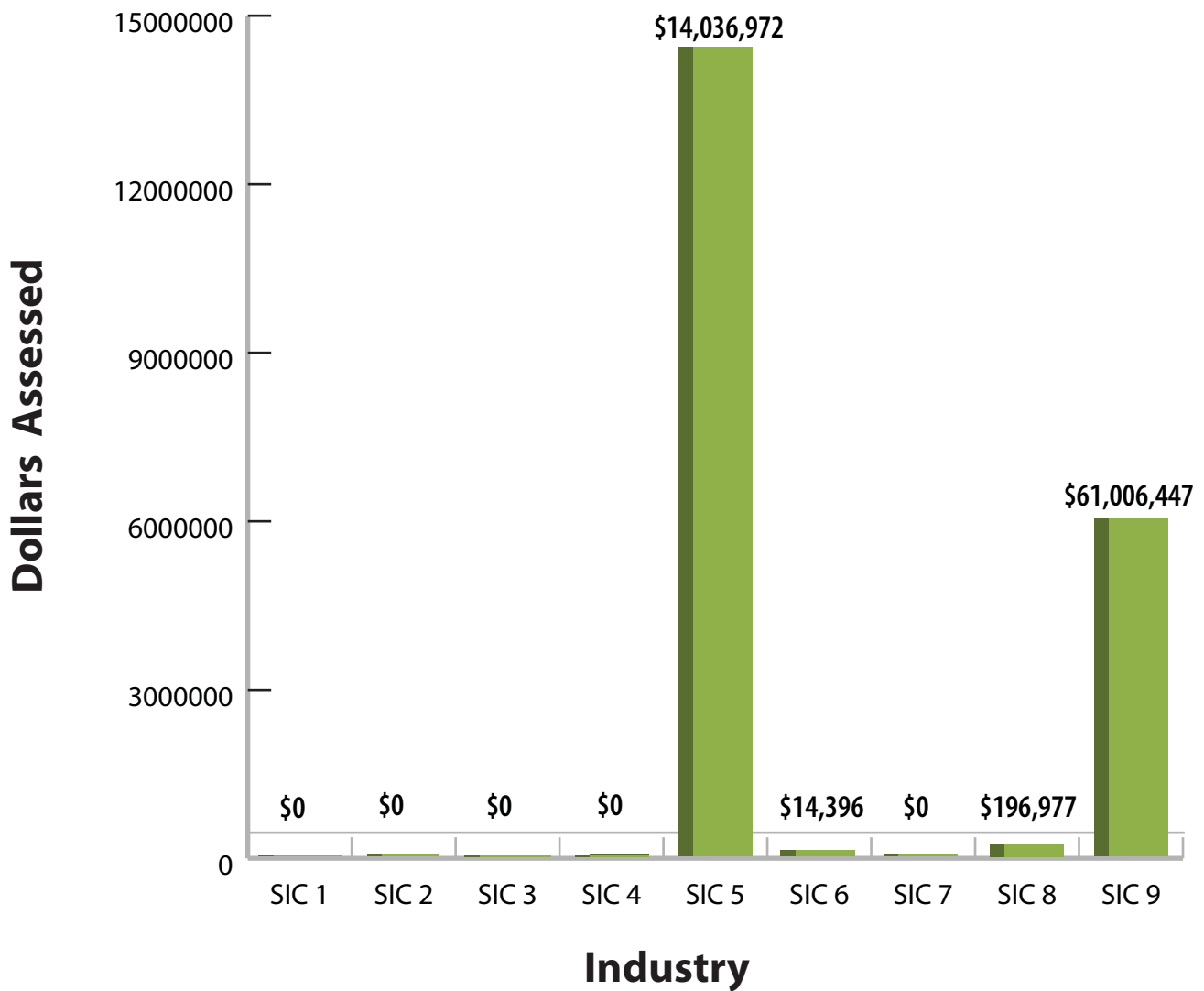
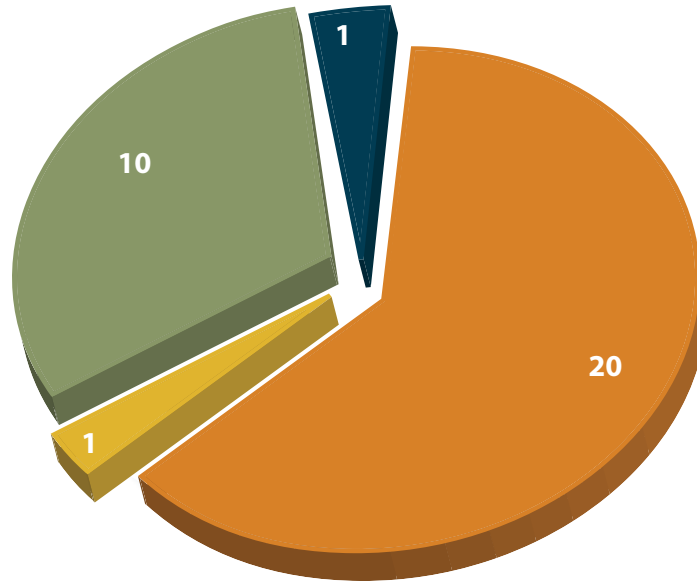


EXHIBIT G

Dollars Assessed in IC Citations by Industrial Code **Utility Receipts Tax**

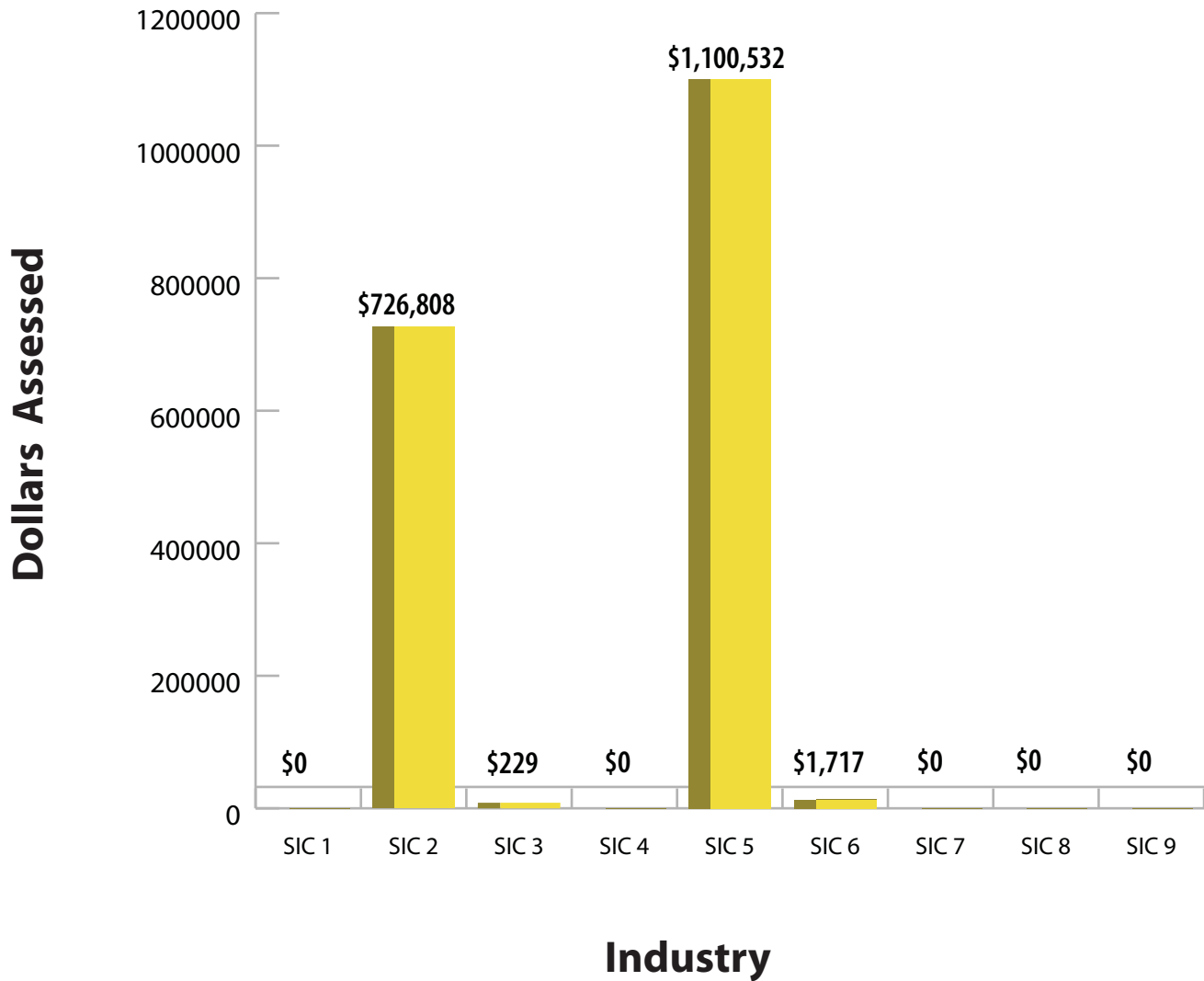
| Sum of Amount | SIC | | | | | | | | | |
|--------------------|----------|----------------|------------|----------|------------------|----------|----------|----------|----------|------------------|
| Citation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Grand Total |
| IC 6-2.3-1-13 | | (32,903) | | | | | | | | (32,903) |
| IC 6-2.3-1-14 | | 14,853 | | | | | | | | 14,853 |
| IC 6-2.3-1-4 | | 53,816 | | | 41,897 | | | | | 95,713 |
| IC 6-2.3-1-6 | | | | | 259,613 | | | | | 259,613 |
| IC 6-2.3-2-1 | | 661,101 | | | 279,598 | | | | | 940,699 |
| IC 6-2.3-3-10 | | | 229 | | 63,942 | | | | | 64,171 |
| IC 6-2.3-3-13 | | | | | 455,502 | | | | | 455,502 |
| IC 6-2.3-4-1 | | 27,941 | | | | | | | | 27,941 |
| IC 6-2.3-5-1 | 0 | 2,000 | | 0 | | 0 | 0 | 0 | 0 | 2,000 |
| Grand Total | 0 | 726,808 | 229 | 0 | 1,100,552 | 0 | 0 | 0 | 0 | 1,827,589 |

Number of **Utility Receipts Tax Violations** by Industry Group



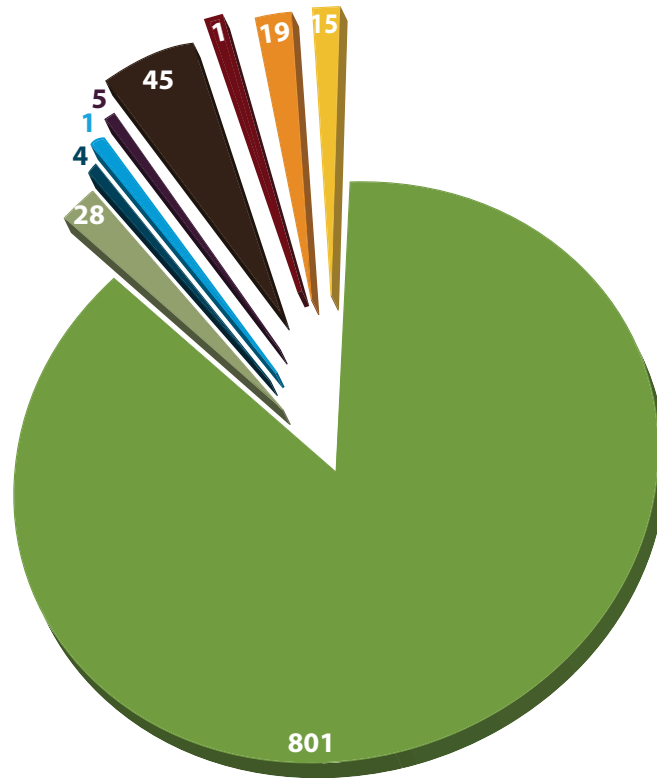
- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

Utility Receipts Dollars Assessed by Industry Group



| Sum of Amount | SIC | | | | | | | | | |
|-----------------------|---------------|--------------|---------------|------------------|---------------|------------|----------|---------------|----------------|------------------|
| Citation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Grand Total |
| A550 | | | | 3,768 | | | | | | 3,768 |
| IC 6-6-1.1-201 | | | | 13,620 | | | | | 153 | 13,773 |
| IC 6-6-2.5-28 | | | | 17,773 | | | | | | 17,773 |
| IC 6-6-2.5-41 | | | | 16,120 | | | | | | 16,120 |
| IC 6-6-4.1-4 | | 9,261 | | 53,070 | 14,577 | | | | 7,066 | 83,974 |
| IC 6-6-4.1-6 | | (4,832) | | (18,169) | (6,000) | | | | (4,066) | (33,067) |
| IC 6-6-4.1-9 | | | | 24,430 | | | | | | 24,430 |
| IC 6-6-5.5-8 | 36 | | 1,111 | 102,598 | 74 | | | | 1,370 | 105,189 |
| IC 6-7-1-1 | | | | | | | | | 12,250 | 12,250 |
| IC 6-7-1-12 | | | | | | | | 920 | | 920 |
| IC 6-7-1-18 | | | | 31,601 | | | | | | 31,601 |
| IC 6-7-1-19 | 15,678 | | | 10,415 | 44,266 | | | 56,700 | 168,191 | 295,250 |
| IC 6-7-2-12 | | | | 1,811 | | | | | 26,652 | 28,463 |
| IC 6-7-2-7 | | | | 30,968 | 17,429 | | | 7,105 | 34,093 | 89,595 |
| IC 7.1-4-2-1 | | | | 35,650 | | | | | | 35,650 |
| IRP Article II-204 | | | | 354 | | | | | | 354 |
| IRP Article VX-1502 | | 81 | | | | | | | | 81 |
| IRP Article XV-1502 | 70 | 2 | 2,288 | 216,304 | 173 | | | | 2,850 | 221,687 |
| IRP Article XVII-1700 | | (24) | 50 | 8,885 | (31) | 1 | | 47 | (75) | 8,853 |
| R 550 | | | | 7,669 | | | | | | 7,669 |
| R1000 | 894 | (2,260) | (346) | (61,697) | (6,003) | (36) | | | (5,336) | (74,784) |
| R800 | 1,930 | 4,534 | 33,937 | 998,441 | 19,829 | 542 | 0 | | 7,430 | 1,066,643 |
| Grand Total | 18,608 | 6,762 | 37,040 | 1,493,611 | 84,314 | 507 | 0 | 64,772 | 250,578 | 1,956,192 |

Number of **Special Tax Violations** by Industry Group



- SIC 1** Agricultural; Forestry
- SIC 2** Mining; Oil and Gas Extraction; Construction
- SIC 3** Manufacturing
- SIC 4** Wholesale; Retail; Transportation
- SIC 5** Information; Publishing; Telecommunications; Finance; Rental Insurance; Real Estate; Leasing; Professional Services
- SIC 6** Education; Health Services
- SIC 7** Arts; Entertainment; Recreation; Food Service; Accommodations
- SIC 8** Repair; Personal Services; Other Services
- SIC 9** Public Administration

Special Tax Dollars Assessed by Industry Group

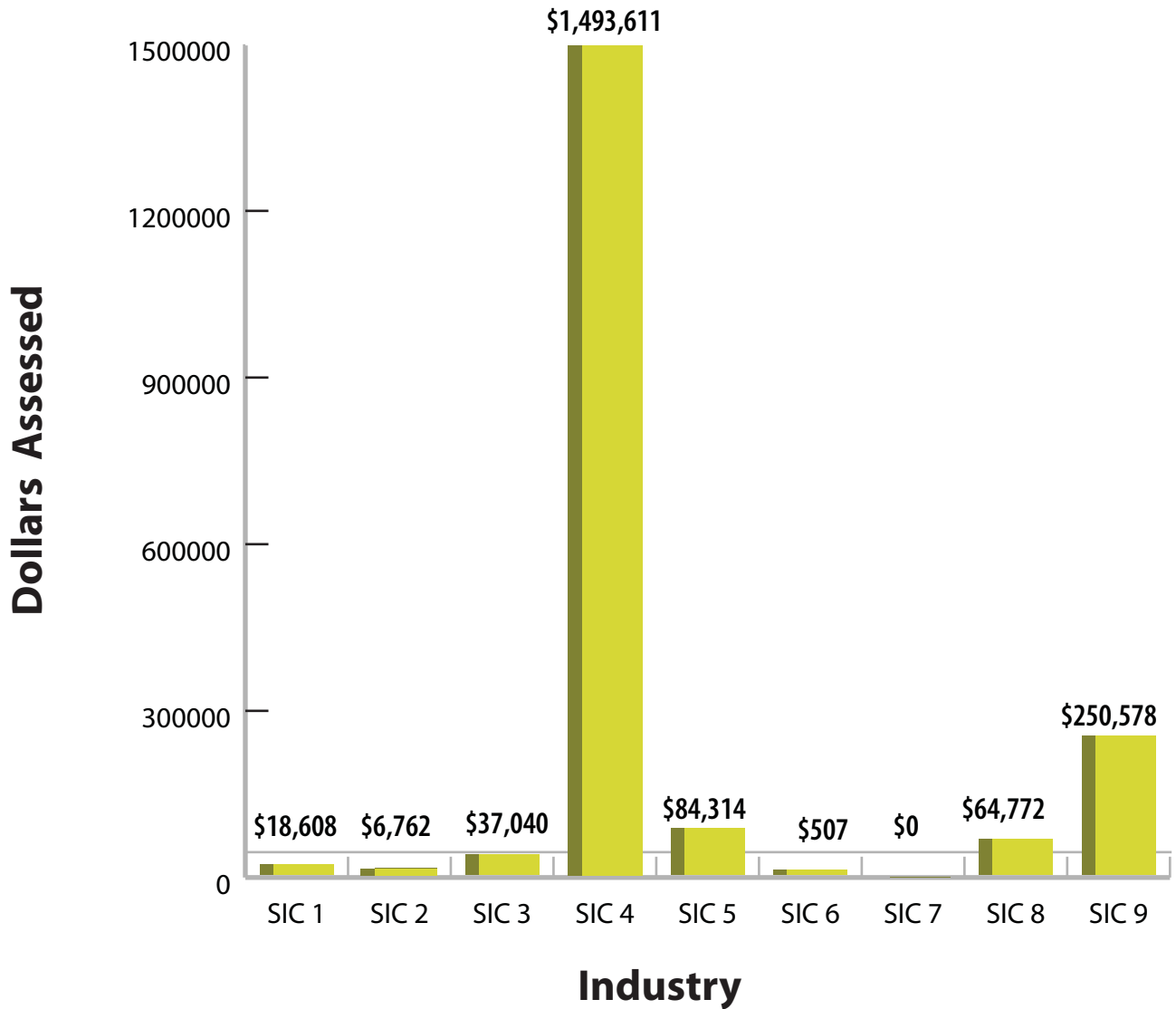
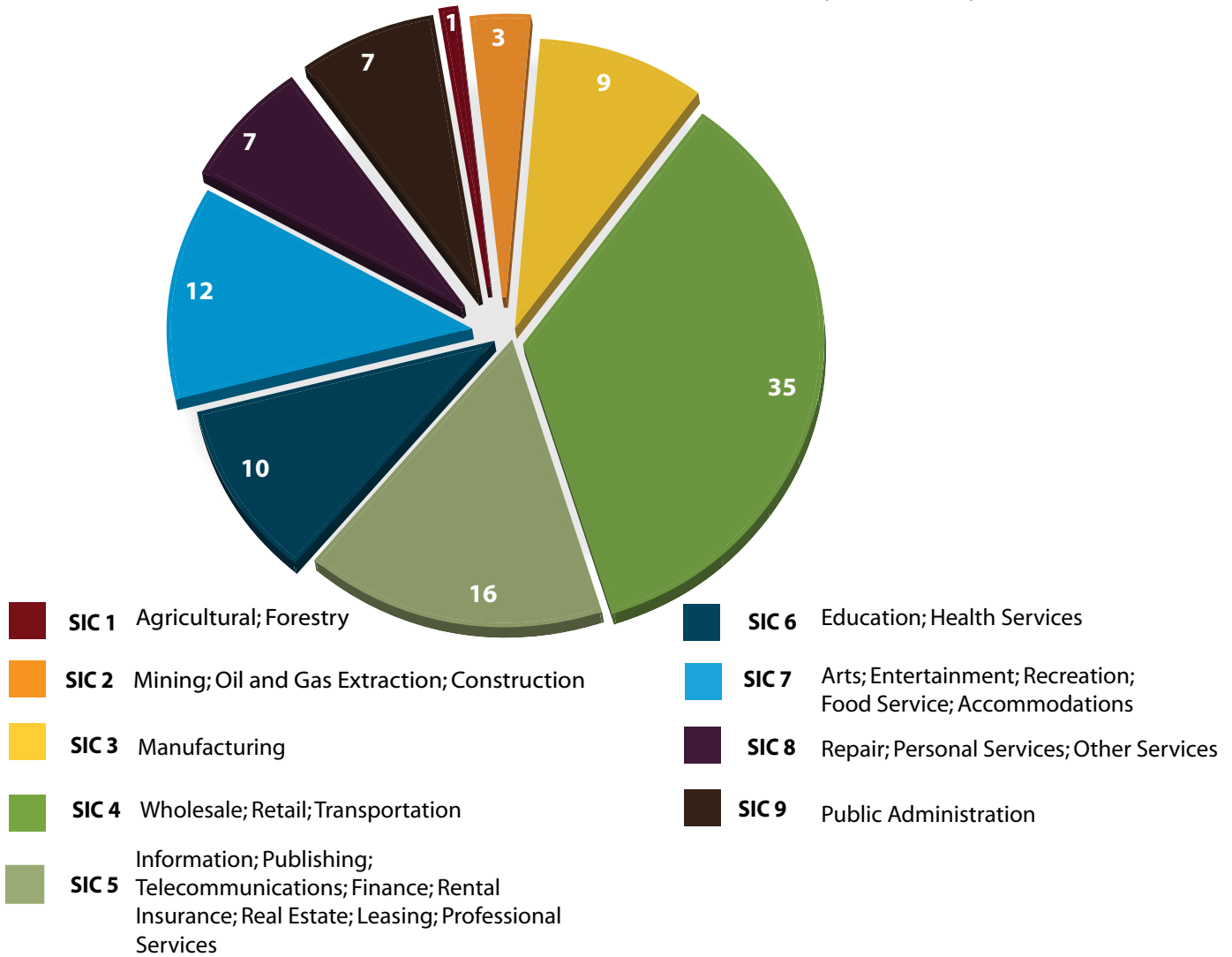


EXHIBIT I

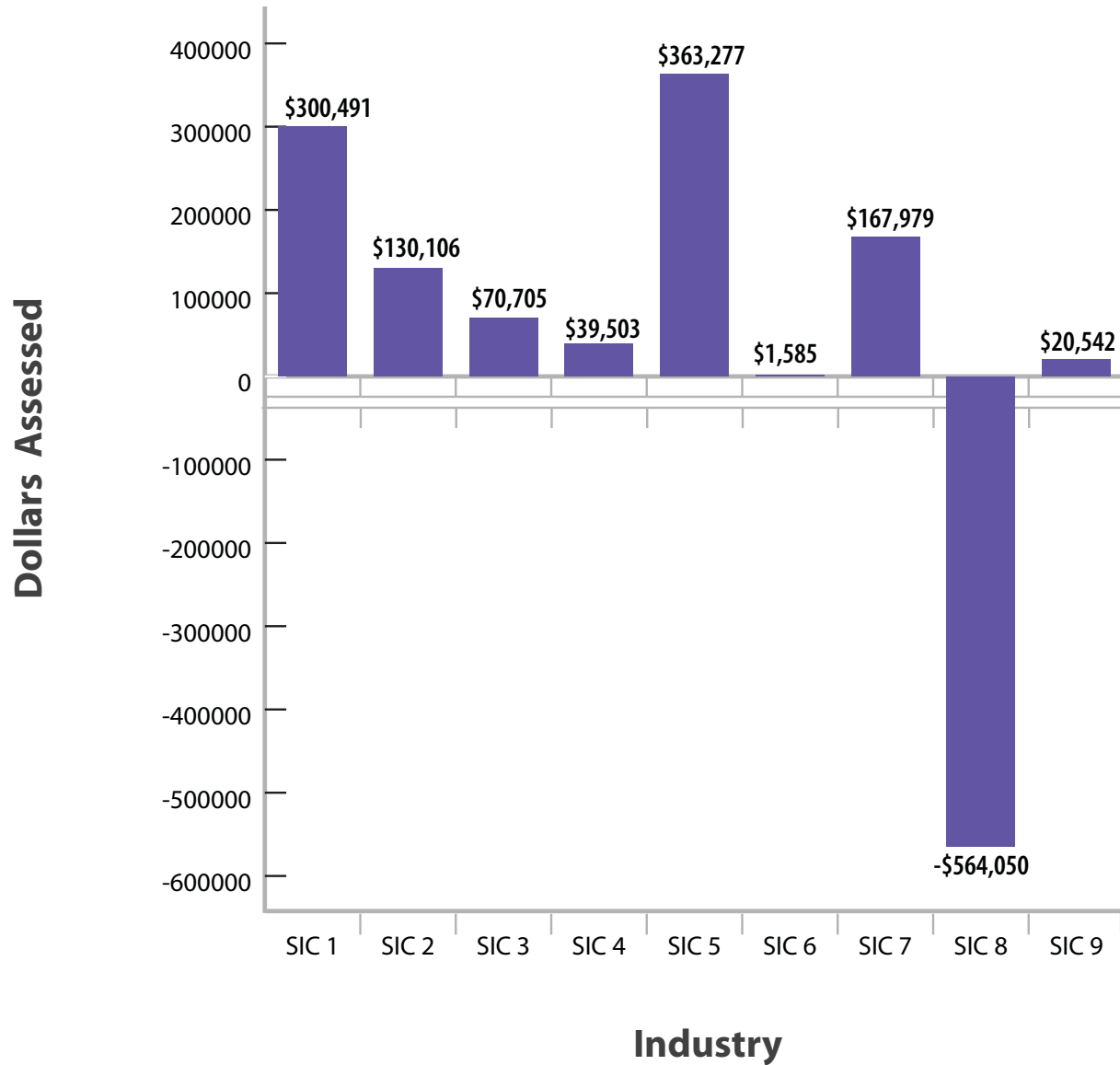
Dollars Assessed in IAC Citations by Industrial Code **Miscellaneous Tax**

| Sum of Amount | SIC | | | | | | | | | |
|--------------------|----------------|----------------|---------------|---------------|----------------|----------------|----------------|------------------|---------------|----------------|
| Citation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Grand Total |
| 45 IAC 15-11-3 | | | | | | | | | 6,309 | 6,309 |
| 45 IAC 15-3-5 | | | | 9,288 | | | | | | 9,288 |
| 45 IAC 15-5-1 | | | 79,627 | (1,001) | | | | | 537 | 79,163 |
| 45 IAC 15-9-2 | | 25,277 | (2,879) | (19,516) | | | | 32,251 | | 35,133 |
| 45 IAC 6-8.1-3-3 | | | | | | | | | 2,545 | 2,545 |
| IC 13-20-13-7 | | | | 6,843 | | | | 293 | | 7,136 |
| IC 13-20-7 | | | | 480 | | | | | | 480 |
| IC 6-3.1-3-5 | | | (47,977) | | | | | | | (47,977) |
| IC 6-3.1-4-1 | | | | | | | | (597,213) | | (597,213) |
| IC 6-3.1-4-2 | | | | | | | | | (1,676) | (1,676) |
| IC 6-3.1-7-6 | | | | | 5,047 | 897 | | | | 5,944 |
| IC 6-3.5-6-1 | | | 4,224 | | | | | | | 4,224 |
| IC 6-3.5-6-8 | | | | | 474 | | | | | 474 |
| IC 6-6-9-7 | | | | 19,753 | | | | | | 19,753 |
| IC 6-8.1-4-2 | 300,491 | 104,829 | 43,758 | 1,509 | 311,634 | (2,065) | 9,981 | | 1,327 | 771,464 |
| IC 6-8.1-5-1 | | | | | 2,029 | | 14,939 | | | 16,968 |
| IC 6-8.1-5-2 | | | | | | | | 619 | | 619 |
| IC 6-8.1-5-4 | | | | (1,322) | | | | | 11,500 | 10,178 |
| IC 6-8.1-9-1 | | | (6,048) | | 24,201 | | | | | 18,153 |
| IC 6-8.1-9-2 | | | | | 1,763 | | | | | 1,763 |
| IC 6-9-12-3 | | | | 2,431 | | | | | | 2,431 |
| IC 6-9-12-6 | | | | | | | 9,962 | | | 9,962 |
| IC 6-9-12-7 | | | | | | (417) | | | | (417) |
| IC 6-9-20 | | | | | | | 2,500 | | | 2,500 |
| IC 6-9-20-4 | | | | | 5,295 | | | | | 5,295 |
| IC 6-9-20-5 | | | | | 72 | | | | | 72 |
| IC 6-9-21-4 | | | | 2,065 | 1,034 | | | | | 3,099 |
| IC 6-9-23-4 | | | | 5,017 | 581 | | 6,070 | | | 11,668 |
| IC 6-9-25-4 | | | | 1,786 | 543 | | | | | 2,329 |
| IC 6-9-26-7 | | | | | 6,665 | | | | | 6,665 |
| IC 6-9-27-4 | | | | 1,105 | | | | | | 1,105 |
| IC 6-9-33-4 | | | | 387 | | | | | | 387 |
| IC 6-9-35-1 | | | | 6,192 | | | | | | 6,192 |
| IC 6-9-8-2 | | | | | | | 122,603 | | | 122,603 |
| IC 6-9-9-2 | | | | | | | 1,924 | | | 1,924 |
| IC 9-13-2-42 | | | | 4,486 | 3,939 | | | | | 8,425 |
| Grand Total | 300,491 | 130,106 | 70,705 | 39,503 | 363,277 | (1,585) | 167,979 | (564,050) | 20,542 | 526,968 |

Number of **Miscellaneous Code Violations** by Industry Group



Miscellaneous Code Dollars Assessed by Industry Group



This section provides recommendations for improved taxpayer compliance and Department administration during FY 2009.

SENATE BILLS

SB 344, SECTION 2, IC 6-8.1-7-1 [EFFECTIVE UPON PASSAGE] – corrects conflicts in IC 6-8.1-7-1 that resulted from passage of multiple bills during the 2008 session.

SB 346, SECTION 14, IC 6-8.1-3-21 [EFFECTIVE JULY 1, 2009] – codifies previous non-code provision concerning the Department's membership in the Multistate Tax Commission.

SB 478, SECTION 1, IC 6-8.1-3-21.2 [EFFECTIVE JULY 1, 2009] – provides that after December 31, 2009, the Department shall cooperate with the Department of Labor, the Worker's Compensation Board and the Department of Workforce Development concerning suspected improper classification by a contractor of an individual as an independent contractor. Requires that information shared between the agencies remain confidential.

HOUSE BILLS

HB 1001, SECTION 174, IC 6-2.5-1-5 [EFFECTIVE UPON PASSAGE] – changes the sales tax definition of gross retail income to coincide with the SST Agreement.

SECTION 175, IC 6-2.5-3-6 [EFFECTIVE JULY 1, 2009] – makes watercraft that are documented vessels and registered with the Coast Guard subject to the use tax.

SECTION 176, IC 6-2.5-5-8 [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] – stipulates that aircraft lease revenue must equal 7.5 percent of the value of the aircraft. The lease of an aircraft predominately used in public transportation is exempt from the sales tax.

SECTION 177, IC 6-2.5-5-13 [EFFECTIVE JULY 1, 2009] – provides a sales tax exemption for cable equipment used at a headend facility operated by a person furnishing video services.

SECTIONS 178 and 179, IC 6-2.5-5-18 AND IC 6-2.5-5-19.5 [EFFECTIVE JULY 1, 2009] – provides a sales tax exemption for glucose-monitoring equipment and devices regardless of whether the items are prescribed.

SECTION 462, IC 6-2.5-5-41 [EFFECTIVE JULY 1, 2009] – repeals the sales tax exemption for media production expenditures.

SECTION 180, IC 6-2.5-6-1 [EFFECTIVE JANUARY 1, 2010] – requires retailers that register after December 31, 2009, to file returns and remit through INtax.

SECTION 181, IC 6-2.5-7-10 [EFFECTIVE JANUARY 1, 2010] – requires taxpayers who collect prepaid sales tax from motor fuel retailers to make their semimonthly remittances and reporting through the Department's electronic filing system.

SECTION 182, IC 6-2.5-7-14 [EFFECTIVE JULY 1, 2009] – provides that the Department shall adjust the prepaid sales tax rate semiannually and more often than semiannually if the average retail price of gasoline changes by more than 25 percent from the last determination. Provides that the calculation will be based on 80 percent of the average price instead of 90 percent of the average price of gasoline before all taxes.

SECTION 183, IC 6-2.5-11-10 [EFFECTIVE JULY 1, 2010] – requires notification of a sales tax rate change to be at least 30 days in advance; otherwise, the seller is not liable for failure to collect at the new rate, unless the seller fraudulently fails to collect at the new rate.

SECTION 184, IC 6-2.5-12-15 [EFFECTIVE JULY 1, 2009] – requires sourcing of Internet access and telecommunications ancillary services to the customer’s place of primary use.

SECTION 185, IC 6-2.5-13-1 [EFFECTIVE JANUARY 1, 2010] – sources floral wire delivery orders to the florist that takes the original order and eliminates the sunset provision in the current statute.

SECTION 186, IC 6-3-1-3.5 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides add backs to the Indiana Code in areas where the Indiana Code is decoupled from the Internal Revenue Code. Items include the following add backs: unemployment compensation excluded from federal gross income; the amount of income excluded from income for the discharge of debt on a qualified principal residence; income from the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008; income attributed to bonus depreciation for restaurant property and retail improvements; income excluded for qualified disaster assistance property; income attributable to Section 179C to expense costs for refinery property; income attributable to expensing film or television production and income of any taxpayer that treated a loss from the sale or exchange of Fannie Mae or Freddie Mac as an ordinary loss.

SECTION 187, IC 6-3-1-3.7 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides an income tax deduction for property taxes paid in 2009 that would have been payable in 2008 if the property tax bills had been issued in a timely manner.

SECTION 188, IC 6-3-1-11 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – defines the Internal Revenue Code for purposes of the Indiana Code to be the Internal Revenue Code in effect on February 17, 2009.

SECTION 189, IC 6-3-1-34.5 [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] – provides that a listed property trust or other foreign REIT that is organized in a country that has a tax treaty with the United States Treasury governing the tax treatment of these trusts is not a captive real estate investment trust for purposes of the REIT add back. This is a technical change.

SECTION 190, IC 6-3-1-35 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – defines a pass-through entity for purposes of the adjusted gross income tax.

SECTION 191, IC 6-3-2-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – clarifies the treatment of pass-through income to a nonresident pass-through entity as if the person, corporation or pass-through entity that receives the income has directly engaged in the income-producing activity.

SECTIONS 192 and 193, IC 6-3-2-2.5 and IC 6-3-2-2.6 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides that the federal provision for a corporation or person with a net operating loss that is carried back by a qualified small business shall be limited to 2 years instead of 5 years, and the carry back for a qualified disaster loss is limited to 5 years.

SECTION 194 & 197, IC 6-3-2-8 and IC 6-3-3-10 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – deletes the definition of pass-through entity for the enterprise zone employee tax deduction, and the enterprise zone employer tax credit because the term has been defined in SECTION 190.

SECTION 195, IC 6-3-2-5.3 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides an income tax deduction for a solar-powered roof vent or fan. The maximum deduction is \$1,000 per taxpayer per taxable year.

SECTION 196, IC 6-3-2-10 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – requires

Quality That Counts Spotlight



Marie Crain

In May, Field Representative **Marie Crain** put her vacation plans on hold to pursue a Noble County taxpayer who was discovered operating a business with a revoked registered retail merchant certificate – while having multiple outstanding tax warrants totaling \$500,000. The high-priority case brought Crain all the way from Kokomo to bring the delinquent taxpayer into compliance.

The 12-year veteran of the Department has always performed her work with high standards, even before she put vacation plans on hold to take on the time-intensive case. “She sets the bar for many of her peers,” said Zone Manager Betsy Shroyer. “Marie has even been helping to train new and existing staff, so that they too will pursue compliance with their assigned taxpayers.”

an add back of the amount of unemployment compensation excluded from federal gross income when calculating the Indiana tax deduction for unemployment compensation.

SECTION 198, IC 6-3-3-12 [EFFECTIVE JANUARY 1, 2010] – defines the term “contribution” for purposes of the 529 education savings plan tax credit to exclude bonus points credited to the owner’s account for purchases made and also excludes money transferred from other qualified tuition programs under Section 529 of the Internal Revenue Code.

SECTION 199, IC 6-3-4-8.1 [EFFECTIVE JANUARY 1, 2010] – provides that an entity that registers to withhold employees’ wages after December 31, 2009, is required to remit and report withholding payments through INtax.

SECTION 200, IC 6-3-4-8.2 [EFFECTIVE JULY 1, 2009] – imposes the same withholding requirements for winnings at a Racino as are in place for withholding on winnings on a riverboat.

SECTION 201, IC 6-3.1-4-2 [EFFECTIVE JANUARY 1, 2010] – provides a taxpayer with an alternative method of claiming the qualified research expense credit.

SECTION 202, IC 6-3.1-26-26 [EFFECTIVE JULY 1, 2009] – extends the Hoosier Business Investment Tax Credit to December 31, 2013. It currently expires on December 31, 2011.

SECTION 203 and 204, IC 6-3.1-29-19 and IC 6-3.1-29-20.7 [EFFECTIVE UPON PASSAGE] – authorizes the Indiana Finance Authority to purchase tax credits awarded to a taxpayer who has sold synthetic natural gas to the IFA. The IFA will pay the taxpayer for the credits over a 20-year period.

SECTION 205, IC 6-3.1-30.5 [EFFECTIVE JULY 1, 2009] – provides an income tax credit for contributions to a scholarship-granting organization for a school scholarship program. The total amount of credits that may be awarded in a fiscal year may not exceed \$2,500,000. The credit applies to contributions made in taxable years beginning after December 31, 2009.

SECTION 206, IC 6-3.1-31.9-1 [EFFECTIVE UPON PASSAGE] – includes vehicles that operate on ultra-low sulfur diesel or biodiesel fuel for purposes of the Hoosier alternative fuel vehicle manufacturer income tax credit.

SECTION 207, IC 6-3.1-31.9-2 [EFFECTIVE UPON PASSAGE] – limits the credit for the manufacture of alternative fuel vehicles to passenger cars and light trucks with a gross vehicle weight of 8,500 pounds or less.

SECTION 208, IC 6-3.1-32-9 [EFFECTIVE JULY 1, 2009] – provides that the maximum amount of media production tax credits that may be allowed in a state fiscal year may not exceed \$2,500,000.

SECTION 210 through 230, IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 [EFFECTIVE JANUARY 1, 2010] – provides that the budget agency shall certify the local option income tax distributions to counties instead of the Department of Revenue.

SECTION 482, Noncode [EFFECTIVE JULY 1, 2009] – provides that a county may in 2009 adopt an additional LOIT rate at any time before November 1, 2009.

SECTION 231, IC 6-4.1-8-1 [EFFECTIVE JULY 1, 2009] – extends the lien that attaches at the time of the decedent’s death from 5 years to 10 years. The lien is released when the inheritance tax is paid or it is determined that no inheritance tax return is required to be filed.

SECTION 232, IC 6-4.1-10-1 [EFFECTIVE JULY 1, 2009] – adds a provision to provide that interest on an inheritance tax refund claim will not be paid until 90 days after the later of the date the refund claim is filed or the inheritance tax return is received by the Department. Current law requires interest to be paid 90 days after the refund claim is filed.

SECTION 233, IC 6-5.5-1-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides add backs to the definition of adjusted gross income for the financial institutions tax that correspond to decoupling from the Internal Revenue Code.

SECTION 234, IC 6-6-1.1-606.5 [EFFECTIVE JULY 1, 2009] – allows a gasoline transporter to divert from the represented destination state after the shipping paper has been issued by a terminal operator, and requires the Department to be notified of the diversion before it occurs. This is consistent with language in the special fuel tax.

SECTION 235, IC 6-6-4.1-12 [EFFECTIVE JULY 1, 2009] – provides that motor carriers are required to apply for their annual

International Fuel Tax Agreement permits by September 1 to receive the permits by January 1.

SECTION 236, IC 6-6-4.1-13 [EFFECTIVE JULY 1, 2009] – provides that a person may obtain a repair and maintenance permit to move an unregistered motor vehicle from a quarry or mine to a maintenance or repair facility. The cost of the permit is \$40 per year.

SECTION 238, IC 6-6-5.5-1 [EFFECTIVE JANUARY 1, 2010] – redefines base revenue to be the commercial vehicle excise tax (CVET) collected in the fiscal year of the preceding calendar year. Includes a road tractor in the definition of commercial vehicle for purposes of the CVET.

SECTION 239, IC 6-6-5.5-7 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides that the annual CVET rate will be determined by multiplying the base revenue by 105 percent.

SECTION 240, IC 6-6-5.5-19 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides that effective January 1, 2009, the CVET distribution will be based on the amount of tax collected during the previous fiscal year multiplied by a taxing unit's percentage.

SECTION 241, IC 6-6-5.5-20 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides that a county's distribution percentage multiplied by the amount of CVET deposited in the CVET fund in the preceding calendar year is the amount of CVET that a county will receive.

SECTION 243, IC 6-6-6.5-23 [EFFECTIVE JULY 1, 2009] – provides that an airport owner that is required to report the aircraft based at the airport is subject to a civil penalty of \$100 for each aircraft that should have been, but was not, included on the report.

SECTION 244, IC 6-6-9.7-7 [EFFECTIVE JULY 1, 2009] – authorizes Marion County after January 1, 2013, and before March 1, 2013, to increase the supplemental auto rental excise tax by 2 percent and deposit the revenue from the increase in the sports and convention facilities operating fund.

SECTION 246, IC 6-7-1-28.1 [EFFECTIVE JULY 1, 2009] – changes the distribution of the cigarette tax so that 5.74 percent goes to the state retiree health benefit trust fund and eliminates the amount used to reimburse the general fund for the tax credit for employer-provided health benefit plans. Increases the percentage of cigarette tax going to the general fund from 53.68 percent to 54.5 percent

SECTION 247, IC 6-8.1-1-1 [EFFECTIVE JULY 1, 2009] – adds the regional transportation improvement income tax as a listed tax.

SECTION 248, IC 6-8.1-3-4 [EFFECTIVE JULY 1, 2009] – provides that the reporting of information in an electronic format is included in the Department's authority to furnish forms used in administering the listed taxes.

SECTION 249, IC 6-8.1-3-12 [EFFECTIVE JULY 1, 2009] – allows the Department to use statistical sampling when auditing taxpayers if both the taxpayer and the Department agree on the sampling method to be used.

SECTION 250, IC 6-8.1-3-16 [EFFECTIVE JANUARY 1, 2010] – requires the Department to compile a list of retail merchants whose certificates have not been renewed or whose registrations have been revoked by the Department and publish the list on the Department's Web site.

SECTION 251, IC 6-8.1-5-2 [EFFECTIVE JULY 1, 2009] – if the Department issues a refund check erroneously, the refund may be recovered through the assessment procedures of the Department. The assessment must be issued within 2 years of the refund or within 5 years if the refund was obtained through fraud or misrepresentation by the taxpayer.

SECTION 252, IC 6-8.1-6-4.5 [EFFECTIVE JULY 1, 2009] – provides that rounding to the nearest dollar on an income tax return is required instead of optional.

SECTION 253, IC 6-8.1-6-8 [EFFECTIVE JULY 1, 2009] – provides that the DLGF, the budget agency and the Department shall determine the amount of adjusted gross income and the number of taxpayers who reside in a city or town. The reporting is required to begin January 1, 2011.

SECTION 254, IC 6-8.1-7-1 [EFFECTIVE JULY 1, 2009] – provides that the Department's confidentiality statute does not apply to the release of information concerning the beer excise tax, including brand and package type information.

SECTION 255, IC 6-8.1-8-1.7 [EFFECTIVE JANUARY 1, 2010] – the Department may require a person on a payment plan for sales and

withholding taxes to make periodic payments by electronic funds transfer through an automatic withdrawal from the person's account at a financial institution.

SECTION 257, IC 6-8.1-9-2 [EFFECTIVE JULY 1, 2009] – provides a credit over the next 10 years for income tax paid by nonresident shareholders during tax years 2005 through 2008. The credit will be applied against future liabilities of the taxpayer. Requires the taxpayer to prove under a penalty of perjury that they have reported income to their home state equal to the income attributable to the amount of credit or refund granted.

SECTION 258, IC 6-8.1-10-2.1 [EFFECTIVE JANUARY 1, 2010] – clarifies that a partnership or trust that fails to withhold on nonresident shareholders will be subject to a penalty of 20 percent%. This language currently exists for an S corporation.

SECTION 259, IC 6-8.1-10-5 [EFFECTIVE JULY 1, 2009] – provides that if a payment made to the Department cannot be collected in full by the Department, and the person is assessed a 100 percent bad check penalty, all future payments may be required to be remitted with guaranteed funds.

SECTION 260, IC 6-9-8-3 [EFFECTIVE JULY 1, 2009] – authorizes Marion County to increase the innkeepers' tax by 1 percent and deposit the revenue in the sports and convention facilities operating fund.

SECTION 261, IC 6-9-13-2 [EFFECTIVE JULY 1, 2009] – authorizes Marion County between January 1, 2013, and March 1, 2013, to increase the admissions tax by 4 percent and deposit the revenue in the sports and convention facilities operating fund.

SECTION 262, IC 6-9-42 [EFFECTIVE JULY 1, 2009] -- authorizes a city to impose an admissions tax of 5% to be used for funding infrastructure costs and payment of principal and interest on bonds issued by the city to finance infrastructure improvements. The tax is collected by the city imposing the tax.

SECTION 282, IC 8-24 [EFFECTIVE JULY 1, 2009] -- authorizes a regional transportation district income tax in LaPorte, Porter, Lake and St. Joseph counties that may not exceed .25 percent.

SECTION 364, IC 20-51 [EFFECTIVE JULY 1, 2009] – provides a school scholarship program that awards scholarships to students and provides for a tax credit when contributions are made to a scholarship-granting organization.

SECTION 487, Noncode [EFFECTIVE JULY 1, 2009] – authorizes the Department to adopt emergency rules to implement the school scholarship program under IC 20-51.

SECTIONS 408 through 420, IC 36-7-31 [EFFECTIVE JULY 1, 2009] – provides that an expansion of the Marion County PSDA will only include revenue from the sales tax, adjusted gross income tax and county option income tax. The expanded area must be within the boundary of Illinois Street, Maryland Street and Washington Street and includes hotels, motels and a multibrand complex. Tax revenue from the expanded area will be deposited in the sports and convention facilities operating fund.

SECTION 486, Noncode [EFFECTIVE OCTOBER 1, 2008 (RETROACTIVE)] – removes the requirement for the Department to assist in administering the quality assessment fee on health facilities.

SECTION 495, Noncode [EFFECTIVE UPON PASSAGE] – requires the Department to conduct a study of the feasibility of changing the design and method for verifying, tracking and tracing cigarette stamps, and report to the Legislative Services Agency by November 1, 2009.

SECTION 504, Noncode [EFFECTIVE JULY 1, 2009] – provides that a city or town that made estimated gross income tax payments at the same time that it paid the utility receipts tax is eligible for a refund of the estimated gross income tax payment that was made.

HB 1130, SECTION 7, IC 9-24-12-16 [EFFECTIVE JANUARY 1, 2010] – provides that if an individual is temporarily residing outside Indiana because of service in the armed forces of the United States, the individual's driver's license, including a commercial driver's license, remains valid for 90 days following the individual's discharge from service in the armed forces.

HB 1198, SECTIONS 47 THROUGH 61 [EFFECTIVE UPON PASSAGE] – corrects various provisions within Title 6 of the Indiana Code.

HB 1271, SECTION 1, IC 6-2.5-6-17 [EFFECTIVE JULY 1, 2009] – provides that a retail merchant that is a consignee is required to collect and remit the sales tax based on the gross retail income of the consignment sale.

HB 1287, SECTION 2, IC 6-4.1-8-5 [EFFECTIVE JULY 1, 2009] – requires the person making payment to an estate as a result of a personal injury occurring before the decedent’s death to notify the Department within 10 days of the payment of the damages.
HB 1398, SECTION 2, IC 6-2.5-7-5 [EFFECTIVE JULY 1, 2009] – eliminates the \$1,000,000 annual cap on the E85 deduction that may be claimed and provides that the cap is the amount determined by the budget agency. Requires the State Budget Agency, before August 1 of each year, to estimate whether there are sufficient funds available to provide the deduction and, if there are not, the program can be suspended for the subsequent calendar year. The E85 deduction will be granted only for retail sales occurring from January 1 through March 31 of a calendar year. The State Budget Agency has authority to suspend the deduction during the reporting period if it is determined that sufficient funds are not available.

HB 1432, SECTION 1, IC 6-3.5-1.1-11.5 [EFFECTIVE UPON PASSAGE] – requires a county auditor to distribute CAGIT money no more than 10 days after the county treasurer receives the distribution from the state.

SECTION 2, IC 6-3.5-6-18.6 [EFFECTIVE UPON PASSAGE] – requires a county auditor to distribute COIT money no more than 10 days after the county treasurer receives the distribution from the state.

SECTION 3, IC 6-3.5-7-16.5 [EFFECTIVE UPON PASSAGE] – requires a county auditor to distribute CEDIT money no more than 10 days after the county treasurer receives the distribution from the state.

HB 1514, SECTION 21, IC 6-9-41 [EFFECTIVE UPON PASSAGE] – authorizes Monroe County to adopt an ordinance imposing a 1 percent food and beverage tax. The tax takes effect January 1, 2010, if an ordinance is adopted before December 1, 2009. The county auditor shall distribute the funds to the city or county from which they were collected.

SECTION 25, IC 36-1-12-4.9 [EFFECTIVE JULY 1, 2009] – provides that the maximum allocation to the Allen County professional sports development area will be \$3,000,000 per year instead of \$5 per person in the county.

SECTION 26, IC 36-7-31.3-10 [EFFECTIVE JULY 1, 2009] – provides that the first \$2,600,000 shall be transferred to the county treasurer for deposit in the supplemental coliseum improvement fund. The remaining money shall be deposited in the joint county-city capital improvement board in the county.

TAXES AFFECTED (BY CODE CITATION)

SALES AND USE TAX (IC 6-2.5)

IC 6-2.5-1-5 [EFFECTIVE UPON PASSAGE] – changes the sales tax definition of gross retail income to coincide with SST Agreement.

IC 6-2.5-3-6 [EFFECTIVE JULY 1, 2009] – makes watercraft that are documented vessels and registered with the Coast Guard subject to the use tax.

IC 6-2.5-5-8 [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] – stipulates that aircraft lease revenue must equal 7.5 percent of the value of the aircraft. The lease of an aircraft predominately used in public transportation is exempt from the sales tax.

What Indiana Taxpayers Have To Say

Comment about Kathy Turk

This is to let you know what a great employee you have in Kathy Turk in the South Bend District office. She was able to solve a problem in 24 hours.

Again, thank you for employing such a helpful and competent person. When government actually serves the people, it is a wonderful thing.

L. Baxley

IC 6-2.5-5-13 [EFFECTIVE JULY 1, 2009] – provides a sales tax exemption for cable equipment used at a headend facility operated by a person furnishing video services.

IC 6-2.5-5-18 AND IC 6-2.5-5-19.5 [EFFECTIVE JULY 1, 2009] – provides a sales tax exemption for glucose-monitoring equipment and devices whether or not the items are prescribed.

IC 6-2.5-5-41 [EFFECTIVE JULY 1, 2009] – repeals the sales tax exemption for media production expenditures.

IC 6-2.5-6-1 [EFFECTIVE JANUARY 1, 2010] – requires retailers that register after December 31, 2009, to file returns and remit through INtax.

IC 6-2.5-6-17 [EFFECTIVE JULY 1, 2009] – provides that a retail merchant that is a consignee is required to collect and remit the sales tax based on the gross retail income of the consignment sale.

IC 6-2.5-7-5 [EFFECTIVE JULY 1, 2009] – eliminates the \$1,000,000 annual cap on the E85 deduction that may be claimed and provides that the cap is the amount determined by the budget agency. Requires the State Budget Agency, before August 1 of each year, to estimate whether there are sufficient funds available to provide the deduction and, if there are not, the program can be suspended for the subsequent calendar year. The E85 deduction will be granted only for retail sales occurring from January 1 through March 31 of a calendar year. The State Budget Agency has authority to suspend the deduction during the reporting period if it is determined that sufficient funds are not available.

IC 6-2.5-7-10 [EFFECTIVE JANUARY 1, 2010] – requires taxpayers who collect prepaid sales tax from motor fuel retailers to make their semimonthly remittance and reporting through the Department's electronic filing system.

IC 6-2.5-7-14 [EFFECTIVE JULY 1, 2009] – provides that the Department shall adjust the prepaid sales tax rate semiannually and more often than semiannually if the average retail price of gasoline changes by more than 25 percent from the last determination. Provides that the calculation will be based on 80 percent of the average price instead of 90 percent of the average price of gasoline before all taxes.

IC 6-2.5-11-10 [EFFECTIVE JULY 1, 2010] – requires notification of a sales tax rate change to be at least 30 days in advance; otherwise, the seller is not liable for failure to collect at the new rate, unless the seller fraudulently fails to collect at the new rate.

IC 6-2.5-12-15 [EFFECTIVE JULY 1, 2009] – requires sourcing of Internet access and telecommunications ancillary services to the customer's place of primary use.

IC 6-2.5-13-1 [EFFECTIVE JANUARY 1, 2010] – sources floral wire delivery orders to the florist that takes the original order and eliminates the sunset provision in current statute.

ADJUSTED GROSS INCOME TAX (IC 6-3)

IC 6-3-1-3.5 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides add backs to the Indiana Code in areas where the Indiana Code is decoupled from the Internal Revenue Code. Items include the following add backs: unemployment compensation excluded from federal gross income; the amount of income excluded from income for the discharge of debt on a qualified principal residence; income from the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008; income attributed to bonus depreciation for restaurant property and retail improvements; income excluded for qualified disaster assistance property; income attributable to Section 179C to expense costs for refinery property; income attributable to expensing film or television production and income of any taxpayer that treated a loss from the sale or exchange of Fannie Mae or Freddie Mac as an ordinary loss.

IC 6-3-1-3.7 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides an income tax deduction for property taxes paid in 2009 that would have been payable in 2008 if the property tax bills had been issued in a timely manner.

IC 6-3-1-11 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – defines the Internal Revenue Code for purposes of the Indiana Code to be the Internal Revenue Code in effect on February 17, 2009.

IC 6-3-1-34.5 [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] – provides that a listed property trust or other foreign REIT that is organized in a country that has a tax treaty with the United States Treasury governing the tax treatment of these trusts is not a captive real estate investment trust for purposes of the REIT add back. This is a technical change.

IC 6-3-1-35 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – defines a pass-through entity for purposes of the adjusted gross income

tax.

IC 6-3-2-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – clarifies the treatment of pass-through income to a nonresident pass-through entity as if the person, corporation or pass-through entity that receives the income has directly engaged in the income-producing activity.

IC 6-3-2-2.5 and IC 6-3-2-2.6 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides that the federal provision for a corporation or person with a net operating loss that is carried back by a qualified small business shall be limited to 2 years instead of 5 years, and the carry back for a qualified disaster loss is limited to 5 years.

IC 6-3-2-8 and IC 6-3-3-10 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – deletes the definition of pass-through entity for the enterprise zone employee tax deduction, and the enterprise zone employer tax credit because the term has been defined in SECTION 190.

IC 6-3-2-5.3 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides an income tax deduction for a solar-powered roof vent or fan. The maximum deduction is \$1,000 per taxpayer per taxable year.

IC 6-3-2-10 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – requires an add back of the amount of unemployment compensation excluded from federal gross income when calculating the Indiana tax deduction for unemployment compensation.

IC 6-3-3-12 [EFFECTIVE JANUARY 1, 2010] – defines the term contribution for purposes of the 529 education savings plan tax credit to exclude bonus points credited to the owner's account for purchases made and also excludes money transferred from other qualified tuition programs under Section 529 of the Internal Revenue Code.

IC 6-3-4-8.1 [EFFECTIVE JANUARY 1, 2010] – provides that an entity that registers to withhold employees' wages after December 31, 2009, is required to remit and report withholding payments through INtax.

IC 6-3-4-8.2 [EFFECTIVE JULY 1, 2009] – impose the same withholding requirements for winnings at a Racino as are in place for withholding on winnings on a riverboat.

INCOME TAX CREDITS (IC 6-3.1)

IC 6-3.1-4-2 [EFFECTIVE JANUARY 1, 2010] – provides a taxpayer with an alternative method of claiming the qualified research expense credit.

IC 6-3.1-26-26 [EFFECTIVE JULY 1, 2009] – extends the Hoosier Business Investment Tax Credit to December 31, 2013. It currently expires on December 31, 2011.

IC 6-3.1-29-19 and IC 6-3.1-29-20.7 [EFFECTIVE UPON PASSAGE] – authorizes the Indiana Finance Authority to purchase tax credits awarded to a taxpayer who has sold synthetic natural gas to the IFA. The IFA will pay the taxpayer for the credits over a 20-year period.

IC 6-3.1-30.5 [EFFECTIVE JULY 1, 2009] – provides an income tax credit for contributions to a scholarship-granting organization for a school scholarship program. The total amount of credits that may be awarded in a fiscal year may not exceed \$2,500,000. The credit applies to contributions made in taxable years beginning after December 31, 2009.

IC 6-3.1-31.9-1 [EFFECTIVE UPON PASSAGE] – includes vehicles that operate on ultra-low sulfur diesel or biodiesel fuel for purposes of the Hoosier alternative fuel vehicle manufacturer income tax credit.

IC 6-3.1-31.9-2 [EFFECTIVE UPON PASSAGE] – limits the credit for the manufacture of alternative fuel vehicles to passenger cars and light trucks with a gross vehicle weight of 8,500 pounds or less.

IC 6-3.1-32-9 [EFFECTIVE JULY 1, 2009] – provides that the maximum amount of media production tax credits that may be allowed in a state fiscal year may not exceed \$2,500,000.

LOCAL OPTION INCOME TAX (IC 6-3.5-1.1)

IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 [EFFECTIVE JANUARY 1, 2010] – provides that the budget agency shall certify the local option income tax distributions to counties instead of the department of revenue.

Noncode [EFFECTIVE JULY 1, 2009] – provides that a county may in 2009 adopt an additional LOIT rate at any time before November 1, 2009.

IC 6-3.5-1.1-11.5, IC 6-3.5-6-18.6 and IC 6-3.5-7-16.5 [EFFECTIVE UPON PASSAGE] – requires a county auditor to distribute CAGIT money no more than 10 days after the county treasurer receives the distribution from the state.

INHERITANCE AND ESTATE TAX (IC 6-4.1)

IC 6-4.1-8-1 [EFFECTIVE JULY 1, 2009] – extends the lien that attaches at the time of the decedent's death from 5 years to 10 years. The lien is released when the inheritance tax is paid or it is determined that no inheritance tax return is required to be filed.

IC 6-4.1-8-5 [EFFECTIVE JULY 1, 2009] – requires the person making payment to an estate as a result of a personal injury occurring before the decedent's death to notify the Department within 10 days of the payment of the damages.

IC 6-4.1-10-1 [EFFECTIVE JULY 1, 2009] – adds a provision to provide that interest on an inheritance tax refund claim will not be paid until 90 days after the later of the date the refund claim is filed or the inheritance tax return is received by the Department. Current law requires interest to be paid 90 days after the refund claim is filed.

FINANCIAL INSTITUTIONS TAX (IC 6-5.5)

IC 6-5.5-1-2 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides add backs to the definition of adjusted gross income for the financial institutions tax that correspond to decoupling from the Internal Revenue Code.

GASOLINE TAX (IC 6-6-1.1)

IC 6-6-1.1-606.5 [EFFECTIVE JULY 1, 2009] – allows a gasoline transporter to divert from the represented destination state after the shipping paper has been issued by a terminal operator and requires the Department to be notified of the diversion before it occurs. This is consistent with language in the special fuel tax.

MOTOR CARRIER FUEL USE TAX (IC 6-6-4.1)

IC 6-6-4.1-12 [EFFECTIVE JULY 1, 2009] – provides that motor carriers are required to apply for their annual IFTA permits by September 1 to receive the permits by January 1.

IC 6-6-4.1-13 [EFFECTIVE JULY 1, 2009] – provides that a person may obtain a repair and maintenance permit to move an unregistered motor vehicle from a quarry or mine to a maintenance or repair facility. The cost of the permit is \$40 per year.

COMMERCIAL VEHICLE EXCISE TAX (IC 6-6-5.5)

IC 6-6-5.5-1 [EFFECTIVE JANUARY 1, 2010] – redefines base revenue to be the CVET collected in the fiscal year of the preceding calendar year. Includes a road tractor in the definition of commercial vehicle for purposes of the CVET.

IC 6-6-5.5-7 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides that the annual CVET rate will be determined by multiplying the base revenue times 105 percent.

IC 6-6-5.5-19 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides that effective January 1, 2009, the CVET distribution will be based on the amount of tax collected during the previous fiscal year multiplied by a taxing unit's percentage.

IC 6-6-5.5-20 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)] – provides that a county's distribution percentage multiplied by the amount of CVET deposited in the CVET fund in the preceding calendar year is the amount of CVET that a county will receive.

AIRCRAFT EXCISE TAX (IC 6-6-6.5)

IC 6-6-6.5-23 [EFFECTIVE JULY 1, 2009] – provides that an airport owner that is required to report the aircraft based at the airport is subject to a civil penalty of \$100 for each aircraft that should have been, but was not, included on the report.

MARION COUNTY AUTO RENTAL TAX (IC 6-6-9.7-7)

IC 6-6-9.7-7 [EFFECTIVE JULY 1, 2009] – authorizes Marion County after January 1, 2013, and before March 1, 2013, to increase the supplemental auto rental excise tax by 2 percent and deposit the revenue from the increase in the sports and convention facilities operating fund.

CIGARETTE TAX (IC 6-7)

IC 6-7-1-28.1 [EFFECTIVE JULY 1, 2009] – changes the distribution of the cigarette tax so that 5.74 percent goes to the state retiree health benefit trust fund and eliminates the amount used to reimburse the general fund for the tax credit for employer-provided health benefit plans. Increases the percentage of cigarette tax going to the general fund from 53.68 percent to 54.5 percent.

TAX ADMINISTRATION (IC 6-8.1)

IC 6-8.1-3-4 [EFFECTIVE JULY 1, 2009] – provides that the reporting of information in an electronic format is included in the Department's authority to furnish forms used in administering the listed taxes.

IC 6-8.1-3-12 [EFFECTIVE JULY 1, 2009] – allows the Department to use statistical sampling when auditing taxpayers if both the taxpayer and the Department agree on the sampling method to be used.

IC 6-8.1-3-16 [EFFECTIVE JANUARY 1, 2010] – requires the Department to compile a list of retail merchants whose certificates have not been renewed or whose registrations have been revoked by the Department and publish the list on the Department's Web site.

IC 6-8.1-3-21 [EFFECTIVE JULY 1, 2009] – codifies previous non-code provision concerning the Department's membership in the Multistate Tax Commission.

IC 6-8.1-3-21.2 [EFFECTIVE JULY 1, 2009] – provides that after December 31, 2009, the Department shall cooperate with the Department of Labor, the Worker's Compensation Board and the Department of Workforce Development concerning suspected improper classification by a contractor of an individual as an independent contractor. Requires that the information shared between the agencies remain confidential.

IC 6-8.1-5-2 [EFFECTIVE JULY 1, 2009] – if the Department issues a refund check erroneously, the refund may be recovered through the assessment procedures of the Department. The assessment must be issued within 2 years of the refund or within 5 years if the refund was obtained through fraud or misrepresentation by the taxpayer.

SECTION 252, IC 6-8.1-6-4.5 [EFFECTIVE JULY 1, 2009] – provides that rounding to the nearest dollar on an income tax return is required instead of optional.

IC 6-8.1-6-8 [EFFECTIVE JULY 1, 2009] – provides that the DLGF, the budget agency and the Department shall determine the amount of adjusted gross income and the number of taxpayers who reside in a city or town. The reporting is required to begin January 1, 2011.

IC 6-8.1-7-1 [EFFECTIVE JULY 1, 2009] – provides that the Department's confidentiality statute does not apply to the release of information concerning the beer excise tax, including brand and package type information.

IC 6-8.1-8-1.7 [EFFECTIVE JANUARY 1, 2010] – the Department may require a person on a payment plan for sales and withholding taxes to make periodic payments by electronic funds transfer through an automatic withdrawal from the person's account at a financial institution.

IC 6-8.1-9-2 [EFFECTIVE JULY 1, 2009] – provides a credit over the next 10 years for income tax paid by nonresident shareholders during tax years 2005 through 2008. The credit will be applied against future liabilities of the taxpayer. Requires the taxpayer to prove under a penalty of perjury that they have reported income to their home state equal to the income attributable to the amount of credit or refund granted.

IC 6-8.1-10-2.1 [EFFECTIVE JANUARY 1, 2010] – clarifies that a partnership or trust that fails to withhold on nonresident shareholders

will be subject to a penalty of 20 percent. This language currently exists for an S corporation.

IC 6-8.1-10-5 [EFFECTIVE JULY 1, 2009] – provides that if a payment made to the Department cannot be collected in full by the Department and the person is assessed a 100 percent bad check penalty, all future payments may be required to be remitted with guaranteed funds.

INNKEEPERS' AND FOOD & BEVERAGE TAXES (IC 6-9)

IC 6-9-8-3 [EFFECTIVE JULY 1, 2009] – authorizes Marion County to increase the innkeepers' tax by 1 percent and deposit the revenue in the sports and convention facilities operating fund.

IC 6-9-13-2 [EFFECTIVE JULY 1, 2009] – authorizes Marion County between January 1, 2013, and March 1, 2013, to increase the admissions tax by 4 percent and deposit the revenue in the sports and convention facilities operating fund.

IC 6-9-41 [EFFECTIVE UPON PASSAGE] – authorizes Monroe County to adopt an ordinance imposing a 1 percent food and beverage tax. The tax takes effect January 1, 2010, if an ordinance is adopted before December 1, 2009. The county auditor shall distribute the funds to the city or county from which they were collected.

IC 6-9-42 [EFFECTIVE JULY 1, 2009] – authorizes a city to impose an admissions tax of 5 percent to be used for funding infrastructure costs and payment of principal and interest on bonds issued by the city to finance infrastructure improvements. The tax is collected by the city imposing the tax.

OTHER PROVISIONS

IC 8-24 [EFFECTIVE JULY 1, 2009] – authorizes a regional transportation district income tax in LaPorte, Porter, Lake and St. Joseph counties that may not exceed .25 percent.

IC 9-24-12-16 [EFFECTIVE JANUARY 1, 2010] – provides that if an individual is temporarily residing outside Indiana because of service in the armed forces of the United States, the individual's driver's license, including a commercial driver's license, remains valid for 90 days following the individual's discharge from service in the armed forces.

IC 20-51 [EFFECTIVE JULY 1, 2009] – provides a school scholarship program that awards scholarships to students and provides for a tax credit when contributions are made to a scholarship-granting organization.

Noncode [EFFECTIVE JULY 1, 2009] – authorizes the Department to adopt emergency rules to implement the school scholarship program under IC 20-51.

IC 36-1-12-4.9 [EFFECTIVE JULY 1, 2009] – provides that the maximum allocation to the Allen County professional sports development area will be \$3,000,000 per year instead of \$5 per person in the county.

IC 36-7-31 [EFFECTIVE JULY 1, 2009] – provides that an expansion of the Marion County PSDA will only include revenue from the sales tax, adjusted gross income tax and county option income tax. The expanded area must be within the boundary of Illinois Street, Maryland Street and Washington Street, and includes hotels, motels and a multibrand complex. Tax revenue from the expanded area will be deposited in the sports and convention facilities operating fund.

IC 36-7-31.3-10 [EFFECTIVE JULY 1, 2009] – requires the first \$2,600,000 to be transferred to the county treasurer for deposit in the supplemental coliseum improvement fund. The remaining money shall be deposited in the joint county-city capital improvement board in the county.

Noncode [EFFECTIVE OCTOBER 1, 2008 (RETROACTIVE)] – removes the requirement for the Department to assist in administering the quality assessment fee on health facilities.

Noncode [EFFECTIVE UPON PASSAGE] – requires the Department to conduct a study of the feasibility of changing the design and method for verifying, tracking and tracing cigarette stamps and report to the Legislative Services Agency by November 1, 2009.

Noncode [EFFECTIVE JULY 1, 2009] – provides that a city or town that made estimated gross income tax payments at the same time that it paid the utility receipts tax is eligible for a refund of the estimated gross income tax payment that was made.

Providing valuable services and education is a priority for the Department. A way the Department knows which services and education to provide is through seeking taxpayer input on a mass scale that can be generalized to the larger taxpayer population. The Department continues to seek taxpayer input through surveys, focus groups, Web feedback, e-mail and the Department's annual meeting in June.

Here are some of the many services and education opportunities the Department provides:

■ I-File



This fast, friendly and free electronic program allows taxpayers to prepare and file their Indiana tax returns online. This program is available to both individual taxpayers and preparers. A user-friendly program, I-File features a question-and-answer format with help links to guide users through filing. For more information and to take advantage of this free service, taxpayers can go to in.gov/dor.

■ New and Small Business Education Center



This new site offers new and small business owners a full range of resources – from videos, to podcasts, to downloadable forms, to frequently asked questions – to help them properly file their Indiana business taxes, as well as register and close a business with the Department of Revenue. To visit, go to www.smallbiz.in.gov

■ Latino Outreach



The Department has been working diligently to enhance its Latino outreach initiative in an effort to better educate the permanent and immigrant Latino community in Indiana. This educational effort has included identifying and building relationships with multiple Latino outreach organizations throughout Indiana, actively participating in speaking engagements in Central Indiana, hosting a Spanish-language Web site, hosting a Spanish-language tax blog, writing articles for Spanish publications throughout the state, translating forms and tax booklets into Spanish and providing bilingual staff to assist Spanish-speaking taxpayers.

■ New Returns Processing Video

For those who are interested in understanding all the effort, resources and expense that go into processing paper returns, they can visit in.gov/dor. This video walks through every step of the paper-filing process, compares it to electronic filing, and may be helpful for those taxpayers who are hesitant to file electronically.

■ Workshops/Seminars

The Department also conducted workshops and seminars throughout the year for various segments of the public, including several seminars offered to the tax schools of Indiana University and Purdue University. This was in addition to providing information and tax-training handbooks to Volunteer Income Tax Assistance (VITA) volunteers and other groups that provide free tax preparation for disabled and low- to moderate-income taxpayers.

■ Automatic Updates

Because of the importance of receiving vital information in a timely manner, the State of Indiana launched GovDelivery's E-mail and Digital Subscription Management service. This tool makes it much easier for taxpayers to get the information they want and need.

Once properly registered, the service sends the subscriber an e-mail whenever the Department updates its Web site. When an update has occurred on the *Tax Talk Blog*, Departmental Notices, the New and Small Business Education Center, the Spanish site or even the *Tax Dispatch*, the subscriber will know.

Those interested in registering can:

- visit the Department's homepage at www.in.gov/dor; and
- click the link under the left-side navigation bar and the system will then guide the subscriber through the steps for registration.

Sign up to receive
e-mail and wireless
updates from DOR



In addition, the Department's taxpayer services division, alone, assisted the following numbers of taxpayers in FY 2009:

- Telephone Calls: 799,236
- E-mails: 20,338
- Walk-In: 14,950
- Correspondence: 54,640

Quality That Counts Spotlight



Shawna Cole

In addition to her day-to-day responsibilities of working in telephone pursuit, Tax Analyst **Shawna Cole** wears many hats: financial planner, detective and negotiator – just to name a few. It took a juggling act of these skills for Cole to resolve a taxpayer's error and collect \$530,000 due to the Department. And in the end, she would wear yet another hat – that of a *Quality That Counts Award* winner after being recognized for her efforts.

During FY 2009, the human resources division completed the following training and materials for Department employees:

Development of Customized Training for Frontline Employees (Basic Job Application Skills)

- Bankruptcy Division - 17 employees
- CDL Medical Division - 10 employees

Customized Customer Service Four-Step Process Training

- Collections Inbound - 11
- Collections Compliance Check - 3
- Collections Bankruptcy - 11
- Tax Admin Customer Contact/Support - 27
- Tax Admin Processing - 3
- Motor Carrier Services Oversize/Overweight - 9
- Motor Carrier Services Walk-In Section - 8

Supervisor/Management: Instructor-led Training for Managers, Supervisors and Select Potential Supervisor Candidates

- Analyzing/Improving Performance - 93 employees
- Evaluating Performance - 61 employees
- Coaching the Coaches - 34 employees
- Coaching Employee Feedback - 33 employees
- Communication - 30 employees
- Coaching the Goal-Setting Process - 34 employees
- Introduction to Supervision - 10 employees

Continuing Education: Division-wide Training

- Unauthorized Tax Disclosure Training - 726 employees, 161 temporaries
- Sexual Harassment Training - 673 employees
- Confidentiality and Security Training - 461 employees
- Communicating Through E-mail - 90 employees
- Leave Time Procedures - 541 employees

Internet Access

Access to forms, information bulletins, commissioner's directives, tax publications, e-mail, I-File (the online tax filing program), etc. can be found at www.in.gov/dor

Businesses can visit the New and Small Business Education Center, where they can find a variety of valuable resources 24/7 – such as updating information, applying for new taxes, finding forms and much more. Visit www.smallbiz.in.gov

Telephone Numbers**Automated Information Line**

Check on the status of refunds, prerecorded tax topics and tax liability balances
(317) 233-4018

Collection/Liability Inquiries

(317) 232-2165

Corporate Tax Information

(317) 233-4015, option 7

Individual Income Tax Information

(317) 232-2240

Motor Carrier Services

(317) 615-7200

Sales Tax Information

(317) 233-4015

Tax Forms Order Line

Available 24 hours per day
(317) 615-2581

Withholding Tax Information

(317) 233-4016

Indianapolis (Main Office)

Indiana Government Center
North, Rm N105
100 N. Senate Avenue
Indianapolis, IN 46204
(317) 232-2240

Bloomington District Office

410 Landmark Ave.
Bloomington, IN 47403
(812) 339-1119

Clarksville District Office

1446 Horn Street
Clarksville, IN 47129
(812) 282-7729

Mailing address: P.O. Box 3249
Clarksville, IN 47131-3249

Columbus District Office

3136 N. National Rd., Suite H
Columbus, IN 47201
(812) 376-3049

Evansville District Office

500 S. Green River Road
Suite 202, Goodwill Building
Evansville, IN 47715
(812) 479-9261

Fort Wayne District Office

1415 Magnavox Way Suite 100
Fort Wayne, IN 46804
(260) 436-5663

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 Ave., 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
South Bend, IN 46614
(574) 291-8270

Terre Haute District Office

30 N. 8th Street, 3rd Floor
Terre Haute, IN 47807
(812) 235-6046

**District office business hours are
8 a.m. to 4:30 p.m.
Monday - Friday**



Access Indiana Information Network

Comprehensive information about your Indiana state government, including advice on what to do in emergencies, can be found on the state's official Web site, the Access Indiana Information Network, at www.in.gov