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Tax auditors exceeding collection goals

By Brad Iverson-Long

The extra auditors hired by the Idaho State Tax Commission have already met their goal for the end of June of bringing in uncollected tax dollars into state coffers.

The extra 48 auditors have collected \$12.3 million in owed taxes while costing the state \$1.6 million. That success could lead the state to double up its compliance efforts, hiring another 48 audit staff starting in July.

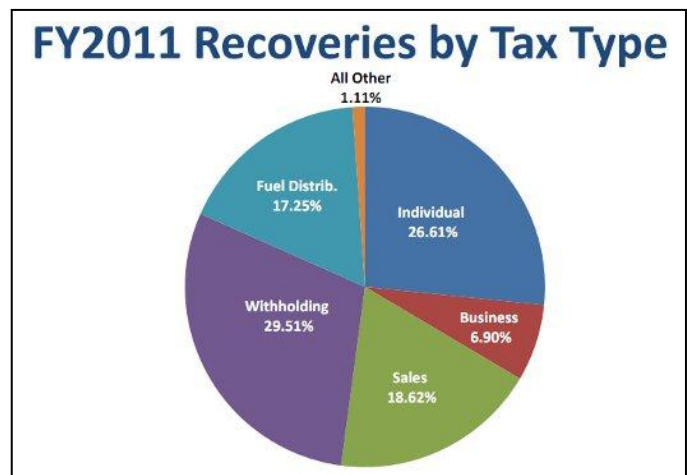
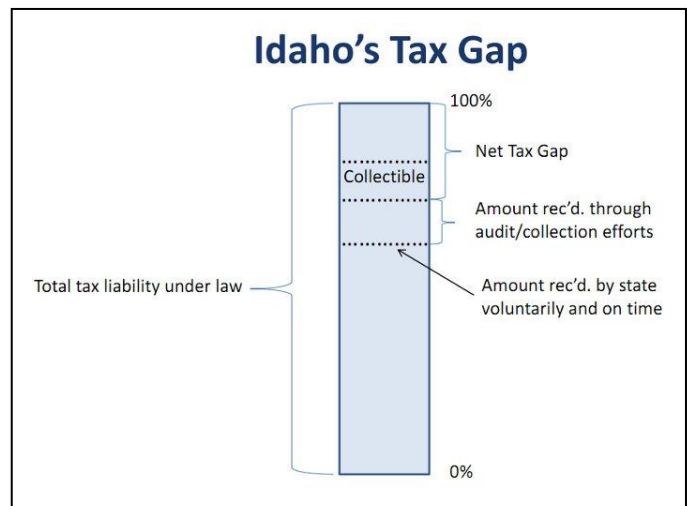
Tax commissioner David Langhorst said the state is still getting closer to closing the gap on collecting taxes that go unpaid to the state. “Wherever that ceiling is ... we haven’t come close to it,” Langhorst told the Joint Finance-Appropriations Committee (JFAC) Thursday.

The largest share of tax recoveries are withholdings from income taxes, which make up close to 30 percent. Individual income taxes make up 26 percent, while sales taxes, fuel taxes, and business income taxes make up smaller shares.

Sen. Steve Bair, R-Blackfoot, said the extra auditors are a two-sided sword, because while they do bring in tax dollars, they can cause grief for taxpayers. “There’s going to be a certain percentage of citizens that are going to be getting audited and they’re not going to find anything—it’s going to put them through a bunch of misery for nothing,” he said. Bair asked tax commission officials how many audits turn up nothing wrong, who said they’d get back to him.

Bob Geddes, the former Senate Republican leader and new head of the tax commission, told lawmakers that the state should also help citizens feel comfortable that they’re paying the right amount of taxes. “As valuable as additional auditors are, we also have to keep pace with supporting our taxpayers,” Geddes said.

Tax auditors finished almost 25,000 audits last year and are on pace for a comparable total of audits this year.



The extra auditors for next year would cost an additional \$2.3 million next year. That makes up the bulk of the \$3.4 million increase in the tax commission's total budget, which would grow to \$35.5 million.

The tax commission is asking lawmakers for \$275,600 to lease a new phone system, which covers 500 phone lines. The current phone system's dialing function failed in December, which the commission's Mark Poppler said greatly reduced efficiency. Poppler said the commission would rather buy a new phone system to replace the 12-year-old system, but its cash flow only permits leasing.

The tax commission also won't be replacing more than 10 state cars that are from the mid 1990s, some of which have more than 140,000 miles. Poppler said that some of the cars pose safety concerns, with some commission workers not willing to drive the cars outside of Boise's city limits.

Another item the commission isn't planning to update is its GenTax tax administration software, which the state started using in 2002. Idaho is already two versions behind the latest upgrade. The estimated cost of the next upgrade would be \$2 million.