

MINUTES  
JOINT MEETING  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, January 27, 2015

**TIME:** 3:00 P.M.

**PLACE:** Idaho State Tax Commission

**MEMBERS PRESENT:** Chairman Siddoway, Senators Guthrie, and Werk

Chairman Collins, Vice Chairman Trujillo, Representatives Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Scott, Thompson, Erpelding, Nye, and Rudolph

**ABSENT/ EXCUSED:** Vice Chairman Johnson, Senators McKenzie, Rice, Vick, Bayer, and Burgoyne

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** The meeting was called to order at 3:00 p.m.

**PRESENTATION:** The Joint Committee (Committee) took a tour of the Idaho State Tax Commission (ISTC). **Doreen Warren**, Tax Division Administrator, and **Randy Tilley**, Audit Division Administrator, welcomed the Committee.

The first half of the tour included a seminar that briefed Committee members about revenue operations, forms processing, development, fraud, and identity theft. The focus this year was on fraud, identity theft, and forms. **Ms. Warren** reported that electronic filing was more efficient compared to paper processing, and it was a primary source of revenue this past year. The ISTC processed 385,000 payments totaling \$2.3 billion. She disclosed that individual income tax returns were processed 771,580, and e-filed 597,494 for an amount of \$286,206,604. ISTC processed 92,472 business income tax returns.

**Ms. Warren** proceeded to explain form and instruction development to meet legislative requirements, system development for processing, third-party software and form providers as well as the taxpayer impact. She discussed fraud, and the current statistics showed an increase in fraudulent activity in the last year. Fraud trends, and common tax fraud methods included: false documents, hiding income (cash under the table), inflating business expenses, falsely claiming credits or deductions, and tax identity theft.

**Ms. Warren** highlighted that identity theft was a prominent theme. She cited background statistics, cases identified, and red flags for which to look. She related examples of fraud cases, how they were caught in the audit process, and the continued challenges that confront the ISTC. Pooled resources to work fraud and identity theft cases results in fewer audits, and slower return processing. She described the efforts by the ISTC to address the detection and prevention of fraud.

The second half of the tour was a general operations tour of the Audit and Collection Division, the Revenue Operation Division, Taxpayer Services, and Tax Policy/Appeals with Chris Barry, ISTC Specialist.

**Chris Barry** gave closing remarks, answered questions, and thanked the Committee members for coming. The Committee returned to the Statehouse.

**ADJOURNED:** There being no further business, the meeting adjourned at 5:00 p.m.

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Senator Siddoway  
Chair

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Amanda McLennan  
Secretary