

## Decision Unit Summary

Decision Unit	Agency Request			Governor's Recommendation		
	FTP	General	Total	FTP	General	Total
3.00 FY 2016 Original Appropriation	447.00	32,175,500	39,124,600	447.00	32,175,500	39,124,600
<b>5.00 FY 2016 Total Appropriation</b>	<b>447.00</b>	<b>32,175,500</b>	<b>39,124,600</b>	<b>447.00</b>	<b>32,175,500</b>	<b>39,124,600</b>
<b>7.00 FY 2016 Estimated Expenditures</b>	<b>447.00</b>	<b>32,175,500</b>	<b>39,124,600</b>	<b>447.00</b>	<b>32,175,500</b>	<b>39,124,600</b>
8.40 Removal of One-Time Expenditures	0.00	(786,500)	(1,011,800)	0.00	(786,500)	(1,011,800)
<b>9.00 FY 2017 Base</b>	<b>447.00</b>	<b>31,389,000</b>	<b>38,112,800</b>	<b>447.00</b>	<b>31,389,000</b>	<b>38,112,800</b>
10.10 Employee Benefit Costs	0.00	122,800	144,000	0.00	379,700	444,500
10.20 Inflationary Adjustments	0.00	49,900	61,200	0.00	49,900	61,200
10.30 Repair, Replacement Items/Alteration	0.00	372,300	517,300	0.00	372,300	517,300
10.40 Interagency Nonstandard Adjustments	0.00	(114,200)	(126,800)	0.00	(114,200)	(126,800)
10.60 Change In Employee Compensation	0.00	979,100	1,151,800	0.00	1,372,400	1,614,700
<b>11.00 FY 2017 Total Maintenance</b>	<b>447.00</b>	<b>32,798,900</b>	<b>39,860,300</b>	<b>447.00</b>	<b>33,449,100</b>	<b>40,623,700</b>
<b>General Services</b>						
12.01 GenTax Maintenance Model	0.00	1,342,600	1,579,600	0.00	467,500	550,000
12.02 Tax Appeals Specialists	2.00	176,600	176,600	2.00	177,500	177,500
12.03 Tax Appeals Position Shift	0.00	0	0	0.00	(94,100)	0
12.04 Tax Paralegal Position Shift	0.00	0	0	0.00	(43,400)	(51,100)
12.05 Change in Compensation for	0.00	0	0	0.00	10,500	12,000
<b>Audit</b>						
12.01 Identity Theft and Fraud Reduction	4.00	362,800	362,800	1.00	186,900	186,900
12.02 Change in Compensation for	0.00	0	0	0.00	0	1,100
<b>Revenue Operations</b>						
12.01 Identity Theft and Fraud Reduction	2.00	227,200	227,200	1.00	176,600	176,600
<b>13.00 FY 2017 Gov's Recommendation</b>	<b>455.00</b>	<b>34,908,100</b>	<b>42,206,500</b>	<b>451.00</b>	<b>34,330,600</b>	<b>41,676,700</b>
<b>Amount Change From Original Appropriation</b>	<b>8.00</b>	<b>2,732,600</b>	<b>3,081,900</b>	<b>4.00</b>	<b>2,155,100</b>	<b>2,552,100</b>
<b>Percent Change From Original Appropriation</b>	<b>1.79%</b>	<b>8.49%</b>	<b>7.88%</b>	<b>0.89%</b>	<b>6.70%</b>	<b>6.52%</b>

## Governor's Recommendation

**GenTax Maintenance Model:** The Governor recommends ongoing General Fund and dedicated fund spending authority to provide additional programming assistance for GenTax. Prior to the installation of GenTax 9, the Idaho State Tax Commission had an informal agreement with FAST Enterprises allowing the Tax Commission to receive programming assistance at a steeply discounted rate. The Tax Commission no longer benefits from that agreement and has insufficient funds in its base budget to maintain GenTax 9. This recommendation provides ongoing funding for two contractors from FAST, who will provide programming assistance and database analysis, with additional systems analysis support from FAST as needed. Because only FAST employees can work on core GenTax code, this is necessary to maintain system performance and install sync packs, which fix technical issues and minimize security risks.

**Tax Appeals Specialists:** The Governor recommends 2.0 FTP and ongoing General Fund Personnel Costs for two tax appeals specialists. The Tax Commission currently has a backlog of over 400 appeals cases and the average time to resolve appeals is more than one year. These positions will improve customer service and reduce the wait time for decisions on both income tax and sales tax appeals. Operating expenses include training, travel, and subscriptions required for research. The Governor recommends funding these positions at 80% of policy.

**Tax Appeals Position Shift:** The Governor recommends shifting one existing tax appeals specialist position from the General Fund to the Multistate Tax Compact Fund, as this position works primarily on multi-state appeals.

**Tax Paralegal Position Shift:** The Governor recommends a reduction in ongoing General Fund and dedicated fund spending authority to offset a Personnel Cost increase for a paralegal position that is recommended in the Attorney General's budget. The Personnel Cost reduction will be achieved through the retirement of an administrative assistant, whose primary role has been to support the deputy attorneys general. Replacing this position with a paralegal will more fully meet the needs of the Tax Commission. The Governor does not recommend a reduction in Personnel Costs unless the paralegal position is appropriated.

**Change in Compensation for Commissioners:** The Governor recommends a 3% salary increase for commissioners. This increases the annual salary to \$93,389.

**Identity Theft and Fraud Reduction:** The Governor recommends 1.0 FTP and ongoing General Fund Personnel Costs for a tax auditor 1 position to review suspicious returns and assist victims of tax identity theft with restoring their identities and filing legitimate returns. This position is recommended at 80% of policy. Tax fraud in Idaho continues to increase each year, with over \$1.7 million in fraudulent tax returns stopped in 2015. Identity theft has also become an increasingly common scheme to obtain improper tax refunds, with over 500 cases in 2015, a 150% increase over 2014. The Governor also recommends \$250,000 ongoing General Fund Operating Expenditures, split between the Audit and Revenue Operations Divisions, to maintain the Advanced Fraud Services module in GenTax 9. This module uses data from the IRS, third parties, and other states to improve suspicious return flagging and provides tools for taxpayers to verify their identities. The costs to install this module were appropriated last year on a one-time basis, but the agency has no ongoing fund source for the maintenance agreement with FAST Enterprises. This decision unit corresponds with DU 12.01 in Revenue Operations.

**Identity Theft and Fraud Reduction:** The Governor recommends 1.0 FTP and ongoing General Fund Personnel Costs for a technical records specialist 2 position to review suspicious returns and assist victims of tax identity theft with restoring their identities and filing legitimate returns. Tax fraud in Idaho continues to increase each year, with over \$1.7 million in fraudulent tax returns stopped in 2015. Identity theft has also become an increasingly common scheme to obtain improper tax refunds, with over 500 cases in 2015, a 150% increase over 2014. The Governor also recommends \$250,000 ongoing General Fund Operating Expenditures, split between the Audit and Revenue Operations Divisions, to maintain the Advanced Fraud Services module in GenTax 9. This module uses data from the IRS, third parties, and other states to improve suspicious return flagging and provides tools for taxpayers to verify their identities. The costs to install this module were appropriated last year on a one-time basis, but the agency has no ongoing fund source for the maintenance agreement with FAST Enterprises. This decision unit corresponds with DU 12.01 in Audit.