

Senate Tax Committee
Wednesday, February 2, 2005
Room 15 Capitol
Chair, Senator Lawrence J. Pogemiller

Present

Pogemiller, Chair
Tomassoni, Vice Chair
Bakk
Belanger
Betzold
Johnson
Marty
Ortman
Skoe

Absent

Moua
McGinn
Limmer

Senator Pogemiller called the meeting to order at 9:05 a.m.

A quorum was present.

Agenda Item #1: Discussion of last years Omnibus Tax Bill; it will be used as a base for this years tax bill.

Agenda Item #2: Discussion regarding D.O.R. reports on Expanded Tax Compliance/Tax Gaps.

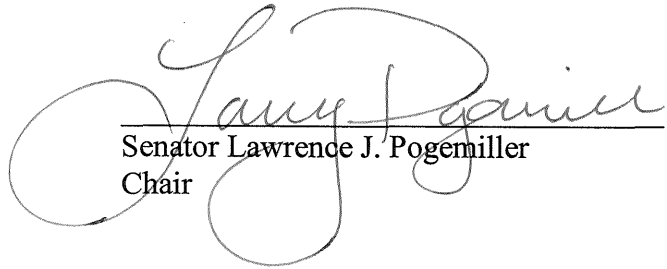
1. Overview by Revenue Commissioner Dan Salomone and Deputy Commissioner Dennis Erno, D.O.R.
 - a. "Renewing the Partnership"
2. Income Tax Study
 - a. Questions on 1099 non-compliance, regarding independent contractors, cash payments and self employment.
 - b. What do W2 forms verify?
 - c. D.O.R. sector specific non-compliance study possibility?
 - i. What sectors are the most non-compliant?
 - ii. Testimony from Jerry McClure, Director of Individual Income Taxes, D.O.R.
 - d. Fraud
 - e. What is and is not included in the report?
3. Sales and Use Tax Gap Study
 - a. Sales makes up 60% of non-compliance and Use makes up 40% of non-compliance.
4. Auditing Process
5. Delinquent Tax Debt and Collections
 - a. What is this portion? How would you make it on a graph?
 - i. Compliance gap vs. portfolio difference from the tax gap non related
 - ii. Internal to grey area-compliant returns
6. Streamline Sales Tax Project
 - a. Governor's proposal does not include SSTP.
 - i. "No New Taxes Pledge"
 - b. National activity goes back to 1999.
 - i. Project began officially in 2000
 - ii. Legislation to participate signed in 2001. MN is considered one of eighteen conforming states but work still needs to be done to remain a conforming state in October 2005.
7. Tax Compliance Initiatives
 - a. Dan Ostdiek, Director of Financial Reporting, D.O.R.
8. Challenges at D.O.R.
 - a. Compensation of employees
 - i. Employee retention
 - b. Budget cuts/restraints

9. Questions to D.O.R.

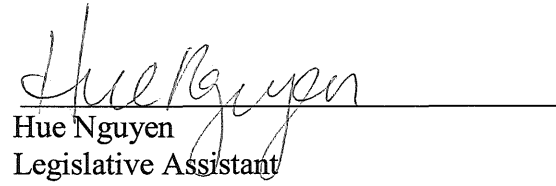
- a. Handout #2 "Questions for D.O.R. on Revenue on Tax Compliance/Tax Gap Reports".

Senator Pogemiller adjourned the meeting at 10:45 a.m.

Respectfully Submitted:



Senator Lawrence J. Pogemiller
Chair



Hue Nguyen
Legislative Assistant

SENATE COMMITTEE ON TAXES

Wednesday, February 2, 2005

9:00 a.m., Room 15 State Capitol

AGENDA

Discussion regarding Department of Revenue reports on Expanded Tax Compliance and Tax Gap.

Dennis Erno, Deputy Commissioner, DOR

Larry Wilke, Director of Corporate and Sales Taxes, DOR

Jerry McClure, Director of Individual Income Taxes, DOR

Dan Ostdiek, Director of Financial Reporting, DOR

Continuation of testimony (time permitting): SF 318 (Pogemiller) Truth and Fairness in Taxation Act.

Senator Lawrence J. Pogemiller
Chair

Hue Nguyen
Legislative Assistant

01:43:36

Senate Committee Meeting Log

Committee Name: Taxes
Date: 2/2/05 Day: Wed Start Time: 9A

Agenda

Bill # (or Topic)	Tax compliance and tax gap
Author	Dpt of Revenue
Short Descriptor	Discussion regarding Dpt of Revenue reports on Expanded Tax Compliance and Tax gap
Action(s)	discussion
Bill # (or Topic)	
Author	
Short Descriptor	Senate Committee Meeting Log
Action(s)	
Bill # (or Topic)	
Author	
Short Descriptor	
Action(s)	
Bill # (or Topic)	
Author	
Short Descriptor	
Action(s)	