

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Revenue
Review of Report Required by
House Resolution No. 46 of 1996

April 1998



Performance Audit Division

*Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor*

LEGISLATIVE AUDIT ADVISORY COUNCIL

MEMBERS

Senator Ronald C. Bean, Chairman
Representative Francis C. Thompson, Vice Chairman

Senator Robert J. Barham
Senator Wilson E. Fields
Senator Thomas A. Greene
Senator Craig F. Romero
Representative F. Charles McMains, Jr.
Representative Edwin R. Murray
Representative Warren J. Triche, Jr.
Representative David Vitter

LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

DIRECTOR OF PERFORMANCE AUDIT

David K. Greer, CPA, CFE

**Department of Revenue
Review of Report Required by
House Resolution No. 46 of 1996**

April 1998



**Performance Audit Division
Office of Legislative Auditor
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor**

Table of Contents

Legislative Auditor's Transmittal Letter	v
Review of the Department of Revenue's Two-Year Pilot Report:	
Background	1
Objectives	1
Methodology.....	2
Summary.....	2
Verification of the Department's Report.....	3
Analysis of Production and Collections.....	4
Overall Trends	5
Conclusion.....	7
Exhibit 1 - Summary of Costs and Benefits in the Department's Report.....	3
Exhibit 2 - Department of Revenue - Field Services - Total Production and Collection Statistics.....	6
Attachment A.....	Department of Revenue's Report as Required by House Resolution No. 46 of 1996
Attachment B.....	House Resolution No. 46 of 1996



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (504) 339-3800
FACSIMILE: (504) 339-3870

April 20, 1998

The Honorable Randy L. Ewing,
President of the Senate
The Honorable H. B. "Hunt" Downer, Jr.,
Speaker of the House of Representatives

Dear Senator Ewing and Representative Downer:

During the 1996 Regular Session of the Legislature, the House of Representatives adopted House Resolution No. 46. This resolution requested the Department of Revenue (department) to conduct a two-year program study of hiring 20 additional auditors with emphasis on the costs and benefits in terms of administrative efficiency and effectiveness, potential revenue increases, and increased compliance.

Summary of Resolution Statements

- The department lacks sufficient auditors to monitor tax compliance by out-of-state businesses that conduct business in Louisiana.
- Every auditor who audits such businesses generates approximately \$1 million in additional taxes collected.
- Increasing the number of auditors leads to increased revenues as well as greater compliance by in-state and out-of-state taxpayers.
- As taxpayer compliance increases, the administrative efficiency and effectiveness of the department should be enhanced.
- The addition of enough auditors sufficient to enable the department to achieve a standard of examinations similar to the federal standard of 4% or 5% could generate an additional \$20 million of state revenues.

In addition, the resolution requested the Legislative Auditor to review and report to the legislature concerning the department's report. On January 26, 1998 the Department of Revenue submitted its report to us. Our review found that the 20 auditors included in the department's report clearly have not met some of the expectations contained in the resolution. However, the

revenue collections of these auditors have exceeded the expenses associated with their employment for fiscal years 1995-96 and 1996-97.

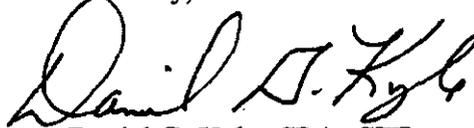
Summary of Findings

- The auditors included in the report have not achieved the resolution's intent of auditing 4% to 5% of out-of-state accounts and collecting \$20 million of additional revenue. Total collections by these 20 auditors for fiscal years 1995-96 and 1996-97 were \$1,660,926 and \$4,301,497, respectively. The percentages of out-of-state accounts audited by the Field Services Division were 2% for FY 95-96 and 1% for FY 96-97.
- According to the department's report, the 20 auditors have collected more revenue than was expended in overall costs associated with their employment. The amount of revenue in excess of costs was approximately \$4.3 million for fiscal years 1995-96 and 1996-97. The department's report states that collections should increase as the new auditors are trained, and the cases worked have time to be collected.
- The report does not provide additional information about overall collections. According to information we obtained from executive budgets and the department's 1998-99 operational plan, the collections from audits of out-of-state taxpayers doing business in Louisiana have increased in each of the last two fiscal years, to over \$37 million in fiscal year 1996-97. However, total collections for the Field Services Division of the department have decreased from over \$78 million in fiscal year 1994-95 to approximately \$67.3 million in each of the past two fiscal years.
- The department's report included production and collection information for only 17 auditor positions. Three of the 20 positions in the department's report are supervisory and do not receive credit for production of tax revenue. As a result of not using all 20 positions for producing and collecting revenue, the department has possibly decreased the potential for tax revenue collection.
- The report was not clear how the 20 auditor positions impacted total audit positions for the Field Services Division because it does not communicate whether total auditor positions actually increased as a result of the 20 positions. According to the department's 1998-99 operational plan, total audit positions increased from 115 for fiscal year 1994-95 to 128 in fiscal year 1995-96 and then decreased to 122 positions for fiscal year 1996-97. This number is only 2 more than the 120 positions for fiscal year 1993-94.
- The department's report broadly addresses why it is difficult to determine whether the 20 auditors have impacted in-state and out-of-state compliance. In addition, the report states that hiring 20 auditors at one time initially stretches the

department's resources and slows down the process of training new auditors to become efficient and effective. However, the department does not address whether the additional auditors will enhance long-term administrative efficiency and effectiveness.

Our review and the department's report are attached to this letter. I hope this information helps you review the results of hiring additional tax auditors.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with the first name "Daniel" being the most prominent.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK/dl

[REV-HR46]

Attachments

Review of the Department of Revenue's Two-Year Pilot Report

BACKGROUND

During the 1996 Regular Session of the Legislature, the House of Representatives adopted House Resolution No. 46. This resolution requested the Department of Revenue (department) to conduct a two-year program study of hiring 20 additional auditors with emphasis on the costs and benefits in terms of administrative efficiency and effectiveness, potential revenue increases, and increased compliance. A copy of the department's report is attached.

The Field Services Division (Field Services) of the department has approximately 120 auditors and audits taxpayers located both inside and outside of Louisiana. This division primarily audits corporate franchise and income taxes, sales taxes and severance taxes. Act 15 of the 1994 Regular Session appropriated funds to the department to expand field audit and enforcement activities. Most auditors in the department's two-year pilot study, hired as a result of Act 15, began work during fiscal year 1994-95.

After Field Services finishes an audit, the Audit Review Division (Audit Review) of the department reviews the audit. Audit Review then mails a proposed tax assessment to the taxpayer. Field Services keeps track of the amounts of proposed tax assessments for each of its auditors. Although not defined in state law, the department uses the term "production" to refer to proposed tax assessment amounts. Whatever amount the department ultimately collects from a taxpayer as a result of an audit is referred to as "collections." In its report, the department presented the production and collection amounts for each of the 20 auditors and also computed salary and other expenses associated with these auditors.

OBJECTIVES

The primary objectives of our review of the department's report were to:

- Verify the expenses and the tax production and collection amounts associated with the auditors presented in the department's report for fiscal years 1995-96 and 1996-97
- Perform a limited analysis of overall production and collection data in the Field Services Division to provide background information for the department's report

METHODOLOGY

Our review of the department's report was conducted based on a request contained in House Resolution No. 46 of 1996. We examined information concerning production and collection figures as well as expenses for the 20 auditors hired as a result of Act 15 of 1994. The department furnished us information for fiscal years 1995-96 and 1996-97, which was the primary focus of our review.

It should be noted that the department also furnished us similar information for fiscal year 1994-95. Although we used this information to show overall trends for Field Services, we did not use it in our detailed analysis of the 20 auditors. We made this decision because many of the auditors were hired during fiscal year 1994-95; thus, information for this fiscal year does not provide a full year's representation of the costs and benefits of these employees. Finally, our review did not include a performance or financial audit of the department or any of its programs.

To review the department's report, our procedures consisted of (1) obtaining a basic understanding of the tax audit process; (2) reviewing certain information and data furnished us by the department; (3) reviewing information contained in the executive budgets for fiscal years 1993-94 through 1996-97 and in the department's 1998-99 operation plan, as well as other pertinent information; (4) verifying the numbers contained in the department's report by comparing them to backup documents furnished by the department; (5) interviewing certain officials and employees of the department; and (6) analyzing information related to the production and collection numbers of the Field Services Division.

SUMMARY

We found that 17 of the 20 employees in the report are field auditors, while the remaining three employees are supervisors. The department does not attribute any production or collections to the supervisory employees. Exhibit 1 on page 3 portrays our summary of the department's report and shows the costs and collections of the 17 auditors and 3 supervisors for fiscal years 1995-96 and 1996-97. As a result of not using all 20 positions for producing and collecting revenue, the department has possibly decreased the potential for tax revenue collection in the state of Louisiana.

The report shows that the 20 auditors have not achieved the resolution's intent of auditing 4% to 5% of out-of-state accounts and collecting \$20 million of additional revenue. Total collections for fiscal years 1995-96 and 1996-97 were \$1,660,926 and \$4,301,497, respectively, while the percentages of out-of-state accounts audited for those same years were far below the 4% to 5% target set in the resolution (2% for FY 95-96 and 1% for FY 96-97). However, the report also shows that the 20 auditors have collected more revenue than was expended in overall costs associated with their employment for fiscal years 1995-96 and 1996-97. As a result, the total collections less expenses of the 20 employees for those fiscal years were \$4,300,643.

It should be noted that when an auditor leaves the department or is promoted to a supervisory position, any future production and collections for that auditor cumulate in an "Other" account. This account is maintained for the office location where that auditor worked. According to a department official, the department does not account for individual auditors in the "Other" category. Since several auditors left Field Services during the time period in the report, the actual Production and Collections figures in the department's report may be understated.

Exhibit 1

**Summary of Costs and Benefits
in the Department's Report**

	Fiscal Year 1995-96	Fiscal Year 1996-97	Total
Production	\$9,383,739	\$8,131,684	\$17,515,423
Collections	1,660,926	4,301,497	5,962,423
Expenses of 20 Personnel	793,130*	868,650	1,661,780
Collections Less Expenses	867,796	3,432,847	4,300,643

* This amount includes \$63,000 for computers for 17 auditors, which was an expense incurred in fiscal year 1994-95.

Source: Prepared by legislative auditor's staff from the Department of Revenue's Report on Additional Auditors and other information provided by the department.

The department's report broadly addresses why it is difficult to determine whether the 20 auditors have impacted in-state and out-of-state taxpayer compliance. In addition, the report states that hiring 20 auditors at one time stretches the department's resources and slows down the training process for auditors. However, the report does not address whether the auditors will have a longer-term impact on administrative efficiency and effectiveness. As a result, the legislature will not be able to tell from the department's report if the 20 auditors have increased administrative efficiency and effectiveness.

VERIFICATION OF THE DEPARTMENT'S REPORT

The department furnished us documents and information that generally support the numbers for production, collections, and expenses contained in its report. We reviewed this information to verify the department's numbers. Our review did not include an assessment of the department's controls for ensuring the reliability of the supporting information. On the page of the department's report titled "Auditor Expenses," we found a few minor errors, but most of the numbers for fiscal years 1995-96 and 1996-97 were supported by the department's backup documentation. We also found that the backup documentation supported the numbers on the department's "Schedule of Production & Collection."

Finally, we found that laptop computers were provided for the 17 auditor positions at a cost of \$3,700 each. Although the department did not include any expenses for computers in its report, a department official agreed that the overall cost of approximately \$63,000 was valid and applicable to the report. We included this cost in fiscal year 1995-96 in Exhibit 1 on page 3, even though this cost would have been incurred when the auditors were hired (FY 1994-95). We felt it important to include this expense as a normal cost of increasing the number of auditors.

ANALYSIS OF PRODUCTION AND COLLECTIONS

As previously discussed, the term "production" refers to the amount of a proposed tax assessment, which occurs at a certain point in the tax audit process. After an auditor has finished his or her audit, the Audit Review Division of the department reviews the auditor's work. The auditor's findings may be reduced by Audit Review. Audit Review then sends the taxpayer a notice of proposed assessment. The production amount is this amount of proposed assessment.

Production figures are higher than collection figures for the department as a whole, as they were in the report. According to department officials, there are a number of reasons why the amount collected from a taxpayer (as a result of an audit) may be less than the production amount. Some of these reasons are as follows:

- The taxpayer furnishes additional information or legal arguments that result in a reduction of the proposed assessment. For example, the taxpayer produces exemption certificates that reduce the amount of sales tax proposed.
- An auditor's findings are sometimes incorrect.
- Occasionally the department assesses taxes related to a certain issue and then changes its position to say that no tax is due. In this situation, the original production (assessment) figure stays in the department's records.
- If a taxpayer requests a refund and Field Services audits the taxpayer, the amount of the disallowed refund request goes into production. However, no amount goes into collections since money is not received. The amount of refund request reductions was over \$6 million for each of fiscal years 1995-96 and 1996-97.
- When an auditor reduces a taxpayer's net operating loss (NOL), the amount of tax savings associated with the NOL reduction goes into production. However, like refund requests, no amount goes into collections. The tax savings amount associated with NOL reductions was over \$27 million for each of fiscal years 1995-96 and 1996-97.
- A taxpayer sues and the department loses. This can take three to five years.
- Timing differences may throw collections into a year different from the year of production, such as the length of time the taxpayer appeals process takes.

To provide additional perspective on the production and collections numbers for the 20 auditors in the department's report, we compiled overall production, collection and other information for Field Services. This information is contained in Exhibit 2 on page 6.

OVERALL TRENDS

As can be seen in Exhibit 2, total production fluctuated slightly for Field Services over the last four fiscal years. The production amount in fiscal year 1996-97 is close to what it was in fiscal year 1993-94. Total collections for the last two fiscal years have decreased from what they were in the two prior years. The percentage of total accounts being audited increased in fiscal year 1995-96, and then decreased in fiscal year 1996-97.

Exhibit 2 also shows that the amount of out-of-state collections has increased in the last three fiscal years. Also, the percentage of out-of-state accounts being audited increased from less than 1.0% in fiscal year 1993-94 to 2.0% in fiscal year 1995-96. Part of the reason for the increase in this percentage is that the estimated number of out-of-state accounts decreased over these three fiscal years, as can be seen in Exhibit 2. However, the percentage audited dropped back to 1.0% in the latest fiscal year (1996-97), and there was an increase in out-of-state accounts for that same year.

Exhibit 2 also shows that, according to the department's 1998-99 operational plan, the number of field auditor positions was 120 in fiscal year 1993-94, but decreased to 115 for fiscal year 1994-95. This number increased to 128 in fiscal year 1995-96, after many of the 17 auditors began in the new positions in the spring of 1995. However, in fiscal year 1996-97, the number of positions is down to 122, only 2 positions more than the level of fiscal year 1993-94.

The data for the newly hired auditors are also shown in Exhibit 2. The average amount collected per auditor (\$307,000) in fiscal year 1996-97 is below the \$551,000 average for all of the Field Services auditors. However, that amount shows a dramatic increase from the \$111,000 average for the new auditors in fiscal year 1995-96. According to department officials, the experience level of the auditor does impact the collection amount.

Exhibit 2

**Department of Revenue - Field Services
Total Production and Collection Statistics**

Fiscal Year	Total Production	Total Collections	Percentage of Production Collected	Average Collected Per Auditor	Number of Field Auditor Positions	Percentage of Accounts Audited
1993-94	\$153,248,000	\$70,269,000	45.8	\$586,000	120	1.01
1994-95	132,867,000	78,086,000	58.8	679,000	115	1.01
1995-96	212,754,000	67,284,000	31.6	526,000	128	1.23
1996-97	152,990,000	67,272,000	44.0	551,000	122	.61

Out-of-State Production and Collection Statistics

Fiscal Year	Total Production	Total Collections	Percentage Collected	Estimated Number of Out-of-State Accounts	Percentage of Out-of-State Accounts Audited
1993-94	\$110,335,000	Not Available	Not Available	55,000	0.97
1994-95	60,580,000	\$34,802,000	57.4	50,000	1.43
1995-96	89,147,000	36,522,000	41.0	40,000	2.00
1996-97	88,397,000	37,474,000	42.4	58,952	1.01

Newly Hired Auditors in the Department's Report

Fiscal Year	Total Production	Total Collections	Percentage of Production Collected	Average Collected Per Auditor*
1995-96	\$9,384,000	\$1,661,000	17.7	\$111,000
1996-97	8,132,000	4,301,000	52.9	307,000

* There were 17 auditor positions in both fiscal years. However, because of turnover and transfers, only 15 auditors had collections in FY 1995-96, and 14 had collections in FY 1996-97. Thus, to obtain average collections per auditor, we divided by 15 in FY 1995-96, and 14 in FY 1996-97.

Source: Prepared by legislative auditor's staff from information provided by the Department of Revenue and contained in executive budgets and the 1998-99 Operational Plan.

CONCLUSION

We found that the additional auditors have not met some of the resolution's intent. However, we believe that they have benefited the state by collecting more revenue than was expended in overall costs associated with their employment. In its report, the department states that out-of-state audits tend to be the largest and most complex, taking longer to complete and collect. Furthermore, the department states that collections attributable to new auditors gradually increase over the first few years as the auditor becomes trained and the cases worked have time to be collected.

Attachment A

Department of Revenue's
Report as Required by
House Resolution No. 46 of 1996



STATE OF LOUISIANA
DEPARTMENT OF REVENUE AND TAXATION

M. J. "MIKE" FOSTER, JR.
GOVERNOR

January 26, 1998

JOHN NEELY KENNEDY
SECRETARY

Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804

Dear Dr. Kyle:

Attached is the Department's report on the pilot study of costs and benefits of the addition of twenty auditors. We are submitting this report to you as required by House Resolution 46 of the 1996 Regular Legislative Session.

Please let us know if any further information is required.

Sincerely,

A handwritten signature in black ink, appearing to read "John Neely Kennedy", with a long horizontal flourish extending to the right.

John Neely Kennedy
Secretary

JNK/hh

Auditor Positions Funded in the 1994-1995 Budget

Auditors provide the incentive for taxpayers to voluntarily comply with the state's tax laws. The threat of an audit is enough for many taxpayers to remit the proper amounts of tax. However, some taxpayers are not aware of their obligations under the tax laws until they are audited and they are required to pay additional taxes. Of these taxpayers, many will continue to remit the increased tax amounts voluntarily. Some taxpayers disagree with the tax laws or just refuse to pay the amounts due until forced to do so by an audit. Unless these taxpayers are audited again, they will continue to avoid paying the full amount of taxes they owe.

The department has no way of tracking the increased compliance from taxpayers who are audited and begin voluntarily remitting additional taxes as a result of the audit. The department also has no way of tracking remittances from taxpayers who are concerned about being audited and would not have paid the amounts owed the state if they were not concerned that they would be caught.

Field Services has had some difficulty hiring good auditors and even more difficulty convincing good auditors (new or experienced) to relocate out of state. Attempting to hire 20 auditors for out of state service at one time compounds the department's problems considerably. Providing adequate training and supervision to that many new auditors at one time stretches the departments resources and slows down the process of training new auditors to become efficient and productive.

Once an auditor is hired and trained, the cases worked can take weeks or months to complete and sometimes years to collect if the taxpayer contests the assessments. Out of state audits tend to be the largest and most complex audits, taking the longest to complete and the longest to collect. The collections attributable to new auditors gradually increase over the first few years as the auditor is trained and the cases worked have time to be collected.

The department tracks audit findings and collections by auditor unless the auditor is promoted or leaves the department. After that, any additional collections attributable to that auditor's prior work is credited to "Other" on the reports. The collections will show up in the totals, but will not be shown for that specific auditor.

The following position numbers were tracked for purposes of this report:

1. #131087 - Cynthia Bridges – This position was vacant until it was used as a roll back position for the Assistant Secretary of Group III. When she was not re-appointed in January of 1996, she rolled back into this position as Assistant Director of Field Services. She was swapped with Donald Barnette in February 1996. This management position is responsible for the out of state audit program, but it is not tracked for production or collections.

2. #167597 - Virginia Burton – This position was vacant until former Undersecretary Virginia Burton was transferred into this position in June 1996. She currently occupies this position as the Director of the Special Investigations Division. This position is not tracked for production or collections. However, she is responsible for pursuing criminal cases in which taxpayers have intentionally evaded their tax obligations.
3. #124244 - Maria Jones – This position was used for a Senior Agent to supervise out of state auditors. This supervisory position is not tracked for production or collections. The amounts collected that were attributable to Ms. Jones were credited to “Other” and not shown on this report. Ms. Jones is no longer employed by the Department and has not been replaced as of December 1997.
4. #38814 - Tracy Baham – This position was filled as an auditor in Houston, but the auditor was transferred to Lafayette by her request in September of 1996. She is currently working on a very large audit in progress and does not have production or collections credit for 1996-1997. However, when she finishes the audit in progress, she will get production credit at that time for the audit deficiency and credit for collections when the audit is paid. The position in Houston was refilled with auditor Dina Moore on April 14, 1997.
5. #39174 - Rebecca Berry – This position is filled as an auditor in Houston.
6. #97072 - Alexander Osemwingie – This position is filled as an auditor in Houston.
7. #39115 - Ed Richardson – This position was filled as an auditor in Baton Rouge. However, Mr. Richardson was promoted to supervisor in April 1997 and is no longer tracked for audit production or collections. Amounts collected from Mr. Richardson’s audits were credited to “Other” on the reports and are not shown on this report. This position was refilled with auditor M. Kemp on July 7, 1997.
8. #39182 - Patricia Johnson – This position was filled as an auditor in Houston. However, Ms. Johnson left the department in May 1996 and was replaced by auditor T. Tran in April 1997.
9. #97066 - Karryl McDaniels – This position is filled as an auditor in Houston.
10. #38754 - Mark Lankford – This position is filled as an auditor in Houston.
11. #119015 - Roy Baker – This position was filled as an auditor in Houston. Mr. Baker resigned in September 1997 and has not been replaced as of December 1997.
12. #124123 - L’Tanya Readus – This position is filled as an auditor in Chicago.
13. #84144 - Angela Overton – This position is filled as an auditor in Houston.

14. #39603 - Edward Manning – This position was filled as an auditor in Dallas. Mr. Manning left the department in August 1996 and was replaced by auditor Dan Phan in April 1997.
15. #143573 - Gerald Krehl – This position is filled as an auditor in New York.
16. #38730 - Max Johnson – This position is filled as an auditor in New York.
17. #97069 - Nora Glynn – This position was filled as an auditor in New York. Ms. Glynn has resigned and has not been replaced as of December 1997.
18. #97094 - Roxie King – This position was filled as an auditor in Dallas. Ms. King left the department in March 1996, and was replaced by D. Jesolva in May 1997.
19. #143339 - Lyndon Slaydon – This position was filled as an auditor in New York. However, Mr. Slaydon requested to be transferred to Houston, effective July 1997.
20. #168304 - Rene Etie – This position is filled as an auditor in Lafayette. However, Ms. Etie was involved in a serious automobile accident in mid 1997 and has not returned to work as of December 1997.

The following reports show the audit determined tax liabilities and the actual cash collections from audits performed by the auditors being tracked, and associated expenses.

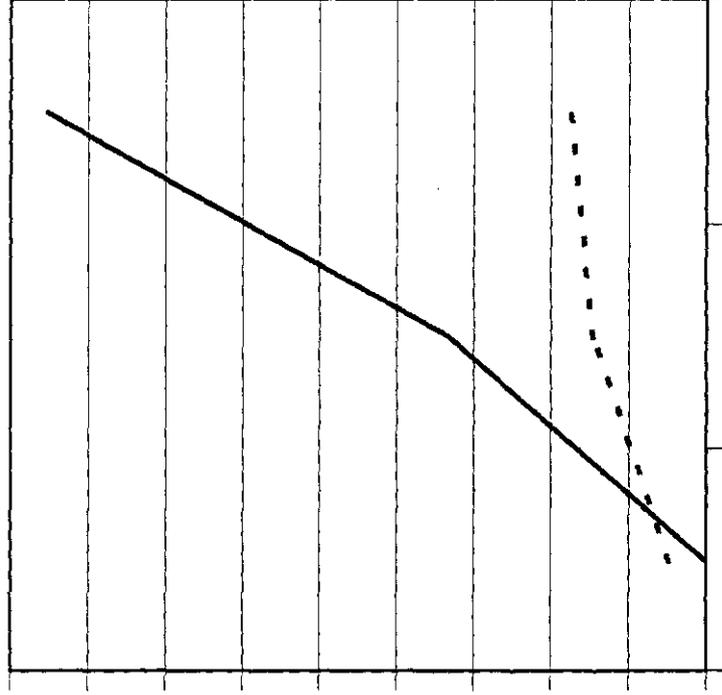
Auditor Expenses

Auditor	Travel - 94-95	Travel - 95-96	Travel - 96-97	Travel - Total
1 Cynthia Bridges	\$0.00	\$0.00	-	\$0.00
1 Donald Barnette	-	1,518.88	2,362.69	3,881.57
2 Virginia Burton	-	-	3,847.00	3,847.00
3 Maria Jones	696.16	5,730.47	8,834.04	15,260.67
4 Tracy Bahen	1,463.58	1,497.63	458.00	3,419.21
4 Diane Moore	-	-	487.96	487.96
5 Rebecca Berry	735.45	2,858.20	3,257.06	6,850.71
6 Alex Osewingie	1,871.26	1,764.17	1,981.20	5,616.63
7 Ed Richardson	213.12	3,343.63	3,780.03	7,336.78
8 Pat Johnson	1,672.28	1,017.10	-	2,689.38
8 Abigail "T" Tran	-	-	536.87	536.87
9 Karryl McDaniels	1,640.85	563.80	3,053.13	5,257.78
10 Mark Lankford	1,938.10	1,742.20	2,931.69	6,611.99
11 Roy Baker	2,511.17	1,046.70	6,235.97	9,793.84
12 Angela Overton	1,393.38	1,267.27	3,444.75	6,105.40
12 L'Tanya Readus	1,929.25	6,415.49	6,203.52	14,548.26
14 Ed Manning	1,562.05	6,574.01	-	8,136.06
14 Dan Phan	-	-	1,236.37	1,236.37
15 Gerald Krehl	2,465.66	3,760.48	8,507.04	14,733.18
16 Max Johnson	1,598.58	5,321.34	4,205.86	11,125.78
17 Nora Glynn	1,907.39	8,257.43	6,813.50	16,978.32
18 Roxie King	544.51	992.65	-	1,537.16
18 Dan Jesolva	-	-	883.10	883.10
19 Lyndon Slaydon	3,590.92	4,912.49	7,419.36	15,922.77
20 Renie Etie	223.44	3,457.69	0.00	3,681.13
Total Travel Exp.	\$ 27,957.15	\$ 62,041.63	\$ 76,479.14	\$ 166,477.92
Salaries/Per Diem	210,344.00	668,088.00	792,171.00	1,670,603.00
Total Expenses	\$238,301.15	\$730,129.63	\$868,650.14	\$1,837,080.92

Total Expenses & Collections

Amount

4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-



--- Total Expenses
— Collections

94-95 95-96 96-97

Year

Louisiana Department of Revenue & Taxation
 Schedule of Production & Collection (Selected Budget Slots)
 For the Period 7/1/94 through 6/30/95

Auditor	Region	Hire Date	Comment	94-95 Production	94-95 Collections	95-96 Production	95-96 Collections	96-97 Production	96-97 Collections
1 Cynthia Bridges	Field Services	01/24/96	Rollback	N/A	N/A	N/A	N/A	N/A	N/A
2 Virginia Burton	Special Inv. Dir.	06/24/96	Dir. SID	N/A	N/A	N/A	N/A	N/A	N/A
3 Maria Jones	Dallas	02/10/95	Supervisor	N/A	N/A	N/A	N/A	N/A	N/A
4 Tracy Baham	Houston	11/07/94	Transferred	19,974	4,499	3,600,058	17,250	0	0
4 Dina Moore	Houston	4/14/97	Replaced Baham	N/A	N/A	N/A	N/A	0	0
5 Rebecca Berry	Houston	02/13/95		0	0	1,883,837	34,751	147,082	22,810
6 Alexander Osemwingie	Houston	04/10/95		0	0	874,832	446,056	524,400	192,618
7 Ed Richardson	Baton Rouge	04/03/95	Promoted 4-97	6,603	4,146	988,580	586,870	455,856	449,575
8 Patricia Johnson	Houston	04/03/95	Left Dept. 5-96	0	0	187,417	24,387	N/A	N/A
8 T. Tran	Houston	04/14/97	Replaced Johnson	N/A	N/A	N/A	0	0	0
9 Karryl Mc Daniels	Houston	04/10/95		0	0	907,695	177,861	3,318,389	2,796,583
10 Mark Lankford	Houston	04/10/95		0	0	197,692	31,165	1,035,177	302,891
11 Roy Baker	Dallas	04/17/95	Left Dept. 9/97	0	0	63,071	4,877	75,436	7,993
12 L'Tanya Readus	Chicago	04/24/95		0	0	186,368	29,111	1,776,587	163,226
13 Angela Overton	Houston	05/01/95		0	0	43,229	28,154	544,365	222,405
14 Edward Manning	Dallas	05/08/95	Left Dept. 8-96	0	0	60,108	74,790	1,417	2,156
14 Dan Phan	Dallas	04/14/97	Replaced Manning	N/A	N/A	N/A	0	0	0
15 Gerald Krehl	New York	05/22/95		0	0	102,200	101,951	46,051	42,765
16 Max Johnson	New York	05/22/95		0	0	30,477	30,493	78,718	34,604
17 Nora Glynn	New York	05/22/96	Resigned 12/97	0	0	67,194	30,072	12,872	12,617
18 Roxie King	Dallas	05/30/95	Resigned 03/96	0	0	148,037	0	N/A	N/A
18 Dan Jesolva	Dallas	05/19/97	Replaced King	N/A	N/A	N/A	N/A	0	0
19 Lyndon Slaydon	New York	06/14/95	Transferred	0	0	42,944	43,138	64,666	12,630
20 Rene Etie	Lafayette	04/15/96	On Sick Leave	N/A	N/A	0	0	50,667	38,625
				\$ 26,576	\$ 8,645	\$ 9,383,739	\$ 1,660,926	\$ 8,131,584	\$ 4,301,497

Attachment B

House Resolution No. 46 of 1996

ENROLLED

Regular Session, 1996

HOUSE RESOLUTION NO. 46

BY REPRESENTATIVES WINSTON AND ALARIO

A RESOLUTION

To urge and request the Department of Revenue and Taxation to conduct a two-year pilot program study of the costs and benefits of the addition of twenty tax auditors with emphasis on the costs and benefits in terms of administrative efficiency and effectiveness and in terms of potential revenue increases and increased compliance, and to urge and request the legislative auditor to review such study and report to the legislature.

=====*ORIGINATED*=====

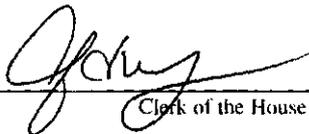
===== IN THE =====

House of Representatives

RECEIVED
BY SECRETARY OF STATE

JUN 07 96

W. FOX MCKEITHEN
SECRETARY OF STATE



Clerk of the House of Representatives

ENROLLED

Regular Session, 1996

HOUSE RESOLUTION NO. 46

BY REPRESENTATIVES WINSTON AND ALARIO

A RESOLUTION

To urge and request the Department of Revenue and Taxation to conduct a two-year pilot program study of the costs and benefits of the addition of twenty tax auditors with emphasis on the costs and benefits in terms of administrative efficiency and effectiveness and in terms of potential revenue increases and increased compliance, and to urge and request the legislative auditor to review such study and report to the legislature.

WHEREAS, the Department of Revenue and Taxation lacks sufficient auditors to monitor tax compliance by businesses, less than one percent of the businesses doing business in Louisiana but headquartered outside of the state being audited; and

WHEREAS, every one of the auditors who do audit such businesses generates approximately one million dollars in additional taxes collected; and

WHEREAS, increasing the number of auditors not only leads to increased revenues but should result in greater compliance by in-state taxpayers, as well as out-of-state taxpayers; and

WHEREAS, as taxpayer compliance increases, the administrative efficiency and effectiveness of the department should also be enhanced; and

WHEREAS, the addition of enough revenue auditors sufficient to enable the department to achieve a standard of examinations similar to the

federal standard of four or five percent could generate an additional twenty million dollars of state revenues.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana urges and requests the Department of Revenue and Taxation to conduct a two-year pilot program study of the costs and benefits of the addition of twenty tax auditors with emphasis on the costs and benefits in terms of administrative efficiency and effectiveness and potential revenue increases and increased compliance. The department shall make a written report of its findings to the legislative auditor by February 1, 1998.

BE IT FURTHER RESOLVED, that the House of Representatives of the Legislature of Louisiana urges and requests the legislative auditor to review the study and report to the legislature regarding any comments he may have regarding the study before the start of the 1998 Regular Session of the Legislature in an amount of time sufficient to have legislation drafted if necessary.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the Department of Revenue and Taxation and to the legislative auditor.


SPEAKER OF THE HOUSE OF REPRESENTATIVES