



2023 Annual Public Hearing

Meeting Minutes



May 26, 2023

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Indiana Department of Revenue

Indiana Department of Revenue 2023 Annual Public Hearing Minutes Summary

In accordance with the Indiana Taxpayer Bill of Rights, the Indiana Department of Revenue (DOR) held its Annual Public Hearing on May 26, 2023, at 10 a.m. at Conference Room D of the Indiana Government Center South Building in Indianapolis and online via Microsoft Teams Live.

Required by Indiana law, the purpose of this annual public hearing is to provide taxpayers an opportunity to recommend changes in statutes, departmental policies, processes and procedures to help the department better administer tax laws.

Individuals in attendance representing the Indiana Department of Revenue included:

- Commissioner Bob Grennes
- General Counsel Chris Russell
- Chief Financial Officer Ed Vance
- Executive Director of Service Operations Monique Young-Wash
- Executive Director of Agency and Business Systems Support Terry Livingston
- Director of Customer Service and Taxpayer Advocate Office Tammy Tschetter
- Agency Initiatives Manager Nancy Tyree

Attendees:

- Ben Smith, Indiana CPA Society
- Sherrill Rude, Indiana CPA Society
- David Ober, Indiana Chamber
- 19 additional in-person attendees
- 60 online attendees

10:00 a.m. Call to order by Nancy Tyree

10:01 a.m. Opening remarks by Nancy Tyree (See Attachment A)

10:02 a.m. Introduction of Commissioner Bob Grennes

10:02 a.m. Opening remarks by Commissioner (See Attachment B)

- 10:20 a.m. Call for Speakers and introduction of Ben Smith, Indiana CPA Society
- 10:20 a.m. Comments from Ben Smith (See Attachment C)
- 10:28 a.m. Nancy Tyree expressed appreciation for in-person and virtual attendees and adjourned the annual public hearing



Indiana Department of Revenue

Attachment A: Opening Statement – Nancy Tyree

Good morning, my name is Nancy Tyree, and I am the Agency Initiatives Manager for the Indiana Department of Revenue. I would like to personally thank you for attending or tuning into today's annual public hearing.

This hearing, as required under Indiana code, is for the purpose of providing taxpayers the opportunity to make recommendations to the department that administers tax laws in our state. This hearing is not a news conference or media opportunity. Nor is it a forum to debate Indiana tax laws—those are established by the Indiana General Assembly.

This is an opportunity for the public to suggest improvements in tax services and processing. We are always looking to improve our services to taxpayers, and we are very interested in hearing your ideas and suggestions.

We have one guest speaker present today who has notified us that they plan to make comments. Once the Commissioner is done speaking, we will call you up to address the room.

We have also offered interested taxpayers the chance to submit comments in advance of the meeting. Most of the comments we received prior to today were considered “one-client issues” that were particular to a specific customer. We have therefore addressed these issues with the individuals who asked about them prior to the hearing. One issue, as well as our response, will be included in the official minutes, as it includes a recommendation for us to take into consideration and an issue that may impact multiple taxpayers.

Now, it is my pleasure to introduce the Commissioner of the Indiana Department Revenue, Bob Grennes.



Indiana Department of Revenue

Attachment B: Opening Remarks – Commissioner Bob Grennes

Good morning and welcome to the Indiana Department of Revenue’s Fiscal Year 2023 annual public hearing. My name is Bob Grennes, and I am honored to be DOR’s commissioner and a member of the amazing DOR team—which includes 680 Hoosiers located in 13 locations across the great State of Indiana.

Joining me today are several DOR team members, including our Executive Team. DOR’s annual hearing is an opportunity to share a few brief updates on the work our team has completed during the past year—but more importantly, to hear from our fellow Hoosiers.

We will start with my update. And since it IS race weekend, in the spirit of the Indy 500, I am going to take you on a very fast ride through the Department of Revenue in about 10-12 minutes. So, buckle up.

We share a heartfelt thank you and welcome to everyone that is in attendance and those watching on the live feed. We truly appreciate your time.

In addition to today’s hearing, there are many other ways to connect with our team, including via our INTIME e-services portal, by phone or by visiting one of our 13 locations across the state.

Our website is also a great resource loaded with valuable information, self-service features and additional details on ways to contact our different service teams. It is also where you can learn about and sign up for INTIME.

This year we introduced a more streamlined and feature-rich website that includes more information and tools—and is easier to search and navigate. On the site, you can easily subscribe to several helpful newsletters and information streams. You can also access our annual reports, legal and policy resources, self-service links, forms, tax bulletins and Frequently Asked Questions on the hottest topics in tax administration.

So, let’s start by taking a quick look at the last year, which has been incredibly busy and extremely successful. Since our last Public Hearing in May of 2022, we have worked collaboratively with Governor Holcomb’s team, our state agency colleagues, the Indiana General Assembly and partners across the tax administration world to operate DOR’s systems and service operations—as we serve millions of Hoosier individuals, families, businesses, corporations and organizations. This is all part of the administration of Indiana’s 65 tax types, licenses, fees and permits and over \$27 billion of tax revenue.

A few highlights from fiscal year 2023 include:

- Completion of the 2022 individual tax season (for the 2021 tax year) and the preparation, launch and execution of the current individual tax season (for the 2022 tax year).
- Completion of our six-year modernization project, which I will cover in more detail in a few minutes.
- In partnership with the Auditor of State team, we issued 8.6 million Automatic Tax Refunds to over 4.3 million Hoosiers—totaling close to \$1.4 billion. This project was large, complex and included many challenges along the way, but all of Team Indiana pulled together to ensure it was a success.
- And we have just completed the 2023 Legislative Session, supporting the Governor’s Office, General Assembly and key stakeholders on a variety of significant legislative changes that impact Indiana tax laws and our administration of them. Our 2023 Legislative Synopsis summarizing these changes will be published on our website soon. Our teams are now focused on the analysis, design and implementation of these changes.

Here are a few highlights from this year’s individual income tax season. As of today, we have processed 3.14 million individual tax returns and, in partnership with the Auditor of State, issued over 2.18 million individual refunds, totaling \$757 million.

For electronic returns, our service level goal to approve refunds is 90% in under 14 days. This year, the average return receipt-to-refund approval time for electronic returns is well under that goal at 6 days, with over 94% approved in under 14 days.

Once received, paper returns take additional time to open, sort, scan, data enter and process. For paper returns, our service level goal to approve refunds is 90% in under 60 days. So far this year, the average return receipt-to-refund approval time for paper returns is also well under our service goal at 20 days, with 99% approved in under 60 days. 80% have been approved in under 30 days and 64% have been approved in under 14 days.

Approximately 5% of returns require additional manual review and correction for a variety of reasons, including:

- filing errors,
- incorrect or missing information,
- refund fraud prevention,
- ID verification and
- discrepancies with other data sources, including employer withholding, financial institution and IRS data.

Each of these returns have unique attributes that require analysis and correction. As I have shared, we have processed a large volume of returns and refunds quickly this year, but each refund awaiting manual review and correction is for a fellow Hoosier, and we work diligently throughout the year on this important work.

Now that the bulk of the filing season is behind us, we are redeploying analyst resources from other operations to accelerate correction of these returns. Individuals or their representatives that may have questions about a specific return or refund that is still in process, can set up an INTIME account to correspond with our team, visit any of our district offices or call us for assistance.

That is a quick snapshot of this year's individual tax season. Here are a few additional highlights from other parts of the agency.

During the past year we have processed over 4 million business returns, 300,000 corporate returns and various other returns, schedules, extensions and payments for special taxes, motor carrier taxes and all the taxes our team administers.

This past year our Special Tax team successfully converted all their service operations to our modernized system, and they have done an outstanding job enhancing the service they provide to the unique tax requirements and customers for the 26 special taxes and permits they skillfully administer.

Our sophisticated cybersecurity, data protection, ID safeguarding and refund fraud prevention programs continue to protect Hoosier data, identities and tax dollars. One highlight of this program—during this tax season, we have stopped over \$11 million of attempted refund fraud.

In our Customer Service Operations, we are extremely proud of the significant improvements we have introduced and the quality service we have provided. Each year, we provide services via hundreds of thousands of interactions with individuals, businesses, tax professionals and organizations. So far in calendar year 2023, our Customer Service teams have:

- served over 30,000 walk-in customers,
- assisted over 300,000 customers via phone,
- processed over 75,000 pieces of correspondence,
- responded to over 38,000 INTIME messages and
- have received over 18,000 perfect customer satisfaction scores from after-call and after-visit surveys, representing 87% of all surveys completed.

And in concert with this work, our Tax Practitioner and Taxpayer Advocate Customer Service teams continue to provide specialized and high-quality services to the unique needs of the customers and partners they serve.

Our Motor Carrier Services team has proudly maintained our commitment to providing industry-leading service to Indiana's trucking industry. Our specialized MCS operations, IT and Audit teams work in concert with the trucking industry, INDOT, BMV and the Indiana State Police to provide a variety of complex registration, return, safety, compliance and payment services to nearly 25% of all interstate commercial power units in the United States. This team also works with colleagues from states across the country and national motor carrier organizations to operate and improve this unique segment of tax administration.

And while all this is going on, we have enhanced tax law education, guidance and compliance via our policy, outreach, education, communication, audit, compliance and investigation activities. Team members in specialized units across the agency are continuously helping Hoosiers effectively understand and address their tax filing, payment and compliance responsibilities.

So, as you can see, there is always a lot happening throughout the year here at DOR, but there is actually so much more—which is hard to capture in today's setting. In addition to all of what I have just highlighted, our Legal, Policy, Finance, IT, Communications, Training, Project Management, Process Improvement, Data Analytics, Tax Liability Management, Refund, Bankruptcy, Internal Audit, Internal Controls, Compliance and Ethics and Title and Tax Clearance teams have also had a busy and successful year operating and improving, the critical work they do. And throughout it all, we have continued to invest in our team members and our service operations through training, coaching, skill development and process improvement.

So, earlier I mentioned that we completed our six-year modernization project during the past year—and I want to take a moment to highlight that story. This past year marked the conclusion of what we called “Project NextDOR.” It started in 2017, setting aggressive goals to:

- modernize DOR's 20+ year-old technology,
- close internal control gaps,
- improve internal efficiencies,
- enhance payment services and revenue processing and
- improve customer service.

We also set out to make impactful improvements to the environment that we perform our work in—including leadership, teamwork, training, communication, our customer service spirit and our organizational culture.

To be successful, this project required modernization of the entire agency, along with skilled project and organizational change management over the entire six years. It touched every DOR system, every process, every DOR employee and every organization and individual that works with us. And through unwavering focus and commitment, steadfast support, teamwork and tireless contributions from so many individuals and organizations, this project hit every deliverable and milestone and was on schedule and on budget for six straight years—even throughout all the challenges presented by the pandemic.

Today, our systems, technology platform, data, processes, organizational capability, employee-centric and service-focused culture, relationships with our key stakeholders and partners and the services we provide are all better by almost every measure.

Project NextDOR has been a tremendous success for DOR, Indiana's taxpayers, the tax practitioner community and every organization who is involved in Indiana's tax administration world.

Modernization and continuous improvement never end, and we are already hard at work refining what we have learned and identifying additional improvements. But we concluded the formal project in late 2022 with extreme pride and gratitude. And we are confident we have established a strong foundation of success for many years to come.

One final highlight before I wrap up. If you have followed our journey the last few years, you have heard that our team has been recognized multiple times for our culture, organizational health and employee engagement. We have been extremely proud to receive IndyStar Top Workplace recognition in 2019, 2020, 2021 and 2022—and Top Workplace USA awards in 2021 and 2022.

This year we have proudly added two more awards to our trophy case—a 2023 IndyStar and 2023 USA Top Workplace award, making 8 culture and employee engagement awards in the last five years. This year we ranked #4 for large companies in Indiana and #81 across the entire country for organizations our size. We also received a Culture Excellence award, recognizing our team for a number of organizational health attributes including leadership, purpose & values and innovation.

These awards truly make us smile because they represent the passion we bring to our mission and vision every single day—and what it “feels” like to be part of Team DOR, which is pretty cool.

As I close, our team wants to share our sincere thanks to everyone who is part of this complex, and consistently changing, tax world we live in. The “magic” of tax administration is created by the tapestry of professional, collaborative and skilled work of many organizations and dedicated professionals around the state and country, and it takes us all.

We give a special shout out and huge thank you to the Indiana CPA Society and all their members, including their Tax Resource Advisory Council. Our partnership is something we truly value.

We share the same heartfelt thanks to partner organizations like the Indiana Chamber of Commerce, Indiana Payroll Association, all tax practitioners across the state and to DOR’s Tax Advisory Council—a group of experienced and caring tax professionals, business stakeholders and advocates who help our team with advice, counsel and support throughout the year.

Thank you for working with us to make tax administration work. And thank you for helping make us better along the way. Our team is extremely proud of the service we have provided and the progress we have made during the past year. We are also excited about continuing on our journey to provide excellent, and continuously improving, service to Indiana and all the Hoosiers that count on us. Once again, we thank you for your attendance and we look forward to your comments.

Attachment C: Ben Smith, Indiana CPA Society, Statement

Tax Resource Advisory Council

Indiana CPA Society

Comments: IN DOR Annual Public Hearing Comments

May 26, 2023



Good morning. Thank you, Commissioner Grennes, and DOR team for the opportunity to provide comments on behalf of the Indiana CPA Society's nearly 7,000-member CPA and accounting professionals.

My name is Ben Smith, chair of the Indiana CPA Society's Tax Resource Advisory Council and President & CEO of Estep, Doctor & Company in Muncie and Anderson. I also serve on the Commissioner's Tax Advisory Council.

As the owner of a Mainstreet Indiana business and advisor to clients who are often family-owned businesses, I recognize our work, personal, family, and professional lives are increasingly disrupted, complex, and never quite balanced. We resign ourselves to an imperfect world and commit to living our best lives and supporting others in doing the same. My life is about building relationships and working together towards a solution. Having had the privilege over the years of working closely with you Commissioner, and many of your staff, I appreciate that everything we do begins with a strong relationship grounded in respect and trust.

So, first, let me congratulate the DOR team for being recognized for the fifth year as an Indy Star Top Workplace award winner. As an advocate for CPAs practicing in tax, we experience the excellence this award exemplifies first-hand.

A prime example of extraordinary efforts was demonstrated by your legislative, legal and policy team members who diligently worked through the complexities of the pass-through entity taxation bill (SEA 2) enacted in the recently concluded legislative session. To say this legislation was disruptive is an understatement. I freely admit it was the last bill I wanted to see pass; much less retroactively to January 1, 2022. As many of our members experienced, I too had sleepless nights considering the challenges that lay ahead in implementing the bill in mid tax season.

However, having been on the inside of the process, I believe it was the best bill we could enact providing millions of dollars of federal tax savings to Indiana business owners and taxpayers. I am deeply grateful to our dedicated members of the Society who with subject matter expertise worked with DOR's legal, policy & legislative team, legislators, other business professional groups, and our members to get the bill over the finish line as early in the session as possible.

We appreciate your team's efforts in resolving individual and systemic issues and the partnership with the Society in providing advance communication regarding services,

process' and issues resolution as well as educational opportunities for CPAs to hear directly from Commissioner Grennes or staff teams, such as our *In the Know* updates.

In the spirit of our transparent partnership, we offer the following comments and suggestions:

Refining INTIME Functionality: Now that INTIME is fully implemented, we can focus on matching INTIME's end-user experience to the department's best-in-class customer service taxpayers and CPAs have come to expect. Including items such as:

- Inability to preview ST-103 or WH-1 that requires practitioner to attest it is correct before submitting.
- Improved 2-way communications- providing a correspondence history and retaining messages submitted post submission so there is an accessible communication trail in the system.
- Letter responses having the same functionality of Messages with a similar email client look and feel.
- Relevance of confirmation code to practitioner or client.
- Scheduling of payments beyond current date to best serve taxpayers and practitioner's needs.

Notices: Inconsistencies/Recomputation: This is an ongoing discussion of which we appreciate being a part. We recognize the resources the DOR team has dedicated to addressing this issue by working through the content and information included in the notices to the extent the system templates allow but there is still work to be done and we're committed to working to find a better solution. We are dedicated to partnering with the department in seeking legislative changes or supporting system upgrades if that is what is necessary to reduce taxpayer's anxiety and practitioner's time required to resolve the notices.

The MeF "Extension" and "Estimated Tax" Payments scheduled for 2023, will provide incredible efficiencies in functionality to DOR and Indiana taxpayers and CPA's. Thank you for this initiative.

PTE/Comp/ Withholding on K-1's is a concern and an opportunity. Based on previous years' experience in showing credit to the individual, we anticipate the changes due to implementation of PTET will cause additional challenges with an increased number of individual returns. It is imperative that **e-filed returns can be accepted with PDF attachments**. Presently, this creates unnecessary delays of processing and issuing refunds and is increasingly a data risk.

Practitioner services: A few areas our Tax Resource Advisory Council members would like to provide focused discussion on this year are: the processing of credits such as CFTP, R&D, EDGE, etc., documentation requirements and mailing efficiencies.

Before closing, I also want to acknowledge the work of DOR's team members serving in the call centers and in district offices around the state. We often hear from members who rely heavily on relationships with staff at call centers and the district offices for resolving issues, providing information, and handling general day to day services for taxpayers.

As always, I extend my sincere thanks to you and your team at the department for your considerable efforts and service to Indiana's taxpayers.

Respectfully submitted:

Ben Smith, CPA, CGMA
Chair, Indiana CPA Society Tax Resource Advisory Council



Indiana Department of Revenue

Attachment D: Public Comment

Some 2022 individual income tax returns even though electronically filed have resulted in delayed refunds without reasons given or communications to the taxpayers. It of course is understandable at times that various reasons could cause this to happen. What is concerning is that some taxpayers with what appear to be very simple returns have experienced this seemingly for no explainable reason and with no letter sent to them. This is different than the excellent service the Dept of Revenue normally provides.

This year, instances of this occurred that led to significant delays of nearly three months for some taxpayers who are over age sixty-five and who have relatively low income. Returns were electronically filed and electronic acceptances were received within a day. Around ten weeks later in May the taxpayers called us asking why their refunds had not yet been received. Upon our calling the Department of Revenue, the response received was that the returns would at that point be designated for further manual review, but that the processing had been delayed for no reason given. For one older couple, this has now happened two years in a row. The explanation received when we called was that the Compliance Section's manual processing was behind due a large volume yet to be handled.

1. Why is the Compliance Section sometimes delaying for manual review what appear to be simple returns, especially for some persons aged sixty-five and over who live on fixed low income, for 10-12 weeks with no letter of explanation ever being sent to the taxpayers?
2. If it at times is a matter of state and local tax withholdings listed in the electronically filed individual returns being verified, as has been given as a possible reason by Dept of Revenue representatives when asked by phone, why are income tax withholdings by large national payers (such as Fidelity in one case) not being verified by computer automatically soon after the end of January rather than manually as late as May?

Respectfully,

Jim Foltz

Owner of Housecalls Tax Preparation Inc

DOR Response

Thank you for reaching out to us. We wanted to provide some additional context about our processing procedures so you understand why delays might happen, and how best to resolve them.

So far this year, refunds have been approved at a 6-day average for electronically submitted returns and 17-day average for paper filed returns, which is above our standard processing times. There are, however, a small percentage of returns that are suspended for review during processing due to data inconsistencies. These inconsistencies include such things as incorrect data, missing information, and discrepancies with other data sources (employers, financial institutions, IRS, etc.) and require manual analysis and correction by our teams. This is part of the return filing process and does not reflect a processing backlog. Of the suspended returns the teams have worked thus far, 80% have resulted in an adjustment to the customer's return that may or may not have changed their refund amount, but nonetheless is a correction to the submitted tax return or adjustment to data provided by another data source.

Regarding your two questions, the complexity of the return is not a factor used to determine the need for a manual review—it all comes down to the data provided on the return when compared to data provided by external sources that results in mismatch situations that must be reviewed. We are currently analyzing the potential of providing notification to the customer when their return is suspended for these situations. Also, the comparison of external data sources occurs at the time the return is processed, not after the return has been suspended.

If you have any clients who have experienced prolonged delays but have not received an explanation from us about why, we encourage you to contact our Taxpayer Advocate Office at 317-232-4692 or taxadvocate@dor.in.gov. This team would be happy to review these accounts to see what might be causing the delay and give you a better idea of when your clients can expect to receive them. Please note, we must have a POA on file to discuss these clients' information with you. If you do not have one, your clients may contact TAO themselves.