EXHIBIT
DATE
HB

Department of Revenue
Average Revenue per Compliance Position
Fiscal Years 1997 through 2004
Revised January, 2005

	Tax Type	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
	Individual Income Tax								
1	**Audit Collections**	$10,170,917	$8,825,256	$9,419,236	$5,759,692	$8,041,932	$10,206,608	$16,850,458	$21,118,348
2	**Penalty & Interest**	$4,711,848	$3,917,315	$4,018,517	$4,114,731	$4,243,333	$5,118,881	$4,044,824	$4,265,451
3	**Back Year/Amended (BY/A)**	$2,211,058	$1,359,042	$122,978	$529,000	$2,394,344	$3,378,545	$2,556,003	$4,484,664
4	**Total Individual Income Tax**	$17,093,823	$14,101,613	$13,560,731	$10,403,423	$14,679,609	$18,704,034	$23,451,285	$29,868,463
5	**Total IIT w/o backyear/amended**	$14,882,765	$12,742,571	$13,437,753	$9,874,423	$12,285,265	$15,325,489	$20,895,282	$25,383,799
6	**IWT Compliance Equivalents**	30.0	29.0	35.0	32.5	32.5	32.5	42.5	42.5
7	**Collectors (Actual FTE)**	15.0	15.0	15.0	18.0	18.0	18.0	21.3	21.3
8	**Total FTE**	45.0	44.0	50.0	50.5	50.5	50.5	63.8	63.8
9	**Average collections/FTE for Total IIT w/o BY/A** Line 5 divide by Line 8	$45	$289,604	$268,755	$195,533	$243,273	$303,475	$327,512	$397,865
	Rounded to nearest 1,000	$330,000	$290,000	$269,000	$196,000	$243,000	$303,000	$330,000	$400,000
10	**Average revenue per compliance position** Sum of Line 24 divided by 8								$295,125
11	**Average revenue per compliance position - rounded**								$295,000

IWT Current Compliance FTE Equivalent Staffing

Helena	
Auditors	18
Supervisors	2
Withholding = 50% of WB Staff	9
Field Auditors	
17 FTE @ 20% of their time - equivalent to:	3.5
TOTAL - THROUGH FY 2003	32.5
2002 Special Session - FY 2003 and FY 2004	
Income Tax Auditors	4
Field Auditors	5
Supervisor	1
INCOME TAX COMPLIANCE STAFF	42.5

Audit revenue includes all net revenue generated for each tax type which is the result of compliance activity. This includes: refund reductions; error sheet corrections for individual income tax; prepaid interest and penalty; prior-year and amended returns, including NEXUS compliance activity which results in the current year and back year returns being filed (on-going or further years income due to the NEXUS compliance work becomes regular tax revenue); federal RARs worked; accruals of compliance activity revenue; standard audit payments with interest and penalty related to these payments and other compliance activities that may be undertaken by the department.

As a result of the 2002 Special Session, 13.3 additional employees were hired. Ten (10) employees were hired by the Individual & Withholding Tax (IWT) bureau and 3.3 collectors were added to the Accounts Receivable bureau. One hundred percent (100%) of their time was devoted to individual income tax compliance and collection efforts.

H:\SHARE\CVR\COMPLIANCE COLLECTIONS\AUDIT REVENUE - 2002 SPECIAL SESSION

EXHIBIT 7
DATE 2/3/05
HB 2