



**Iowa Department of Revenue**

**Director:** Courtney M. Kay-Decker  
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November 20, 2012

Mr. Glen Dickinson  
Director  
Iowa Legislative Services Agency  
State Capitol  
L O C A L

Office of the Secretary of Senate  
Iowa Senate  
For Senate Ways & Means Chairpersons and Ranking Members  
State Capitol  
L O C A L

Office of the Chief Clerk  
Iowa House of Representatives  
For House Ways & Means Chairpersons and Ranking Members  
State Capitol  
L O C A L

Dear Mr. Dickinson, Senate and House Chairpersons and Ranking Members:

Pursuant to Code of Iowa, Section 421.17(23), please find attached an annual report of costs incurred and paid for services to support the department's Tax Gap Compliance Project for Fiscal Year 2012.

The Code of Iowa, Section 421.17(23) states:

"The Director shall report annually to the Legislative Services Agency and the chairpersons and ranking members of the Ways and Means Committees on the amount of cost incurred and paid during the previous fiscal year pursuant to this subsection."

If you have any questions or further information is needed, please let me know.

Very truly yours,

  
Courtney M. Kay-Decker  
Director

Enclosure

**Iowa Department of Revenue (IDR)  
 Tax Gap Compliance Project  
 Revenue and Expenditure Report for Fiscal Year 2012  
 Code of Iowa, Section 421.17(23)  
 November 2012**

**IDR Tax Gap Compliance Project Background:**

In November 1999, the Iowa Department of Revenue (IDR) partnered with NCR Government Systems Corporation, now known as Teradata Corporation, to design, develop, and implement a data warehouse and automated audit processing/transaction system. The Tax Gap Compliance Project is funded through the collections from the Program, in accordance with the Code of Iowa, Section 421.17(23).

The Tax Gap project targets the promotion of voluntary tax compliance, enhanced and improved customer services and audit efficiency, and increased tax revenues. Through this initiative, opportunities to fully utilize multiple and complex data sources are available to the department to identify non-filers of tax returns and non-payers of taxes.

While the original contract with Teradata Corporation covered a three-year and six-month period, the Tax Gap project goals and accomplishments are continuing efforts. We estimate that this project will continue to generate at least \$10,000,000 in revenues each year on an ongoing basis beyond.

**Purpose of Report:**

This report is being distributed to support the requirement per the Code of Iowa, Section 421.17(23), to report the amount of costs incurred and paid for services to create or administer systems or programs which identify non-filers of returns or non-payers of taxes administered by the Iowa Department of Revenue.

<b>FY 2012</b>	
<b>Revenues:</b>	
Corporation Income	\$5,848,567.00
Individual Income	\$26,372,701.00
Sales/Use	\$3,904,406.00

<b>TOTAL Revenues</b>	<b>\$36,125,674.00</b>
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<b>Expenditures:</b>	
Professional Service	\$1,602,229.16
Outside Service & Repair	\$0.00
ITE Reimbursement	\$326,171.22
Data Processing	\$71,449.51
Salaries	\$4,851,062.21
Support	\$218,082.25

<b>TOTAL Expenditures</b>	<b>\$7,068,994.35</b>
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