Page 1-line 3 Delete "tax payers and venders" insert "taxpayers and vendors".

Page 1-line 9 Delete "is" insert "and 39-16-108(a)(intro)(i) and by creating new paragraphs (ii) through (vi) are".

Page 2-line 10 After "subsection" insert ". The audit shall be completed by the department of audit with final findings issued to the taxpayer or vendor within one (1) year of the date of the notice of engagement. This time limit may be extended only upon mutual agreement between the taxpayer or vendor and the department".

Page 3-lines 10 through 22 Delete entirely.

Page 4-line 1 Delete "(vi)" and insert "(v)".

Page 4-after line 2 Insert:

"**39-16-108. Enforcement.**

(a) Audits. ~~The following shall apply~~ To assess credits and deficiencies against taxpayers and vendors, the department is authorized to rely on final audit findings made by the department of audit, taxpayer information, vendor information or department review subject to the following conditions:

(i) ~~If the department believes any return and the taxes paid are incorrect it shall recompute the return and the tax based upon the best information available.~~ Audits shall commence when the taxpayer or vendor receives written notice of the engagement of the audit. The issuance of the written notice of the audit shall toll the statute of limitations provided in W.S. 39-16-110 for the audit period specified in this subsection. The audit shall be completed by the department of audit with final findings issued to the taxpayer or vendor within one (1) year of the date of the notice of engagement. This time limit may be extended only upon mutual agreement between the taxpayer or vendor and the department;

(ii) After receiving notice of an audit under this subsection, the taxpayer or vendor shall preserve all records and books necessary to determine the amount of tax due for the time period that is being audited;

(iii) Except as otherwise provided in this paragraph, audits shall encompass a time period not to exceed three (3) years immediately preceding the reporting period when the audit is engaged. The three (3) year limit shall not apply to an audit if:

(A) There is evidence of a violation of paragraph (c)(iv) of this section by the taxpayer or vendor for the reporting period being audited; or

(B) There is evidence of gross negligence by the taxpayer or vendor in reporting or remitting taxes for the reporting period being audited.

(iv) If a taxpayer is not willing or able to produce adequate records to demonstrate taxes due, the department or the department of audit may project taxes based on the best information available. If a vendor is not willing or able to comply with the record requirements of W.S 39-15-108(c)(xi), the department or the department of audit may project taxes based on the best information available;

(v) Audits under this subsection are subject to the authority and procedures provided in W.S. 9-2-2003.". PETERSON, CHAIRMAN