

February 8, 2021

|                                  |            |           |
|----------------------------------|------------|-----------|
|                                  | <b>Yes</b> | <b>No</b> |
| DOR Administrative Costs/Savings | X          |           |

Department of Revenue  
Analysis of H.F. 376 (Youakim)

|              | <b>Fund Impact</b>      |                         |                         |                         |
|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
|              | <b><u>F.Y. 2022</u></b> | <b><u>F.Y. 2023</u></b> | <b><u>F.Y. 2024</u></b> | <b><u>F.Y. 2025</u></b> |
|              |                         | (000's)                 |                         |                         |
| General Fund | (\$175)                 | \$0                     | \$0                     | \$0                     |

Effective July 1, 2021.

**EXPLANATION OF THE BILL**

The bill requires the Commissioner of Revenue to provide a written report to the Legislature by January 15, 2022, on free electronic filing options for individual income tax returns. In preparing the report, the Commissioner must survey tax preparation software vendors on free electronic tax preparation and filing options. The survey must request specific information on system development, projected costs per return, processes for protecting taxpayer information, and other questions. The report must include a review of other states' options used for electronic filing, a taxpayer needs assessment including current filing use, and analyses of free filing alternative options (for example, tax credits), and of Internal Revenue Service Free File Program use.

The bill appropriates \$175,000 from the General Fund to the Commissioner of Revenue for fiscal year 2022 to prepare the report. This is a one-time appropriation.

**REVENUE ANALYSIS DETAIL**

- The bill would result in a loss of \$175,000 from the General Fund due to the appropriation in fiscal year 2022.

Minnesota Department of Revenue  
Tax Research Division  
[https://www.revenue.state.mn.us/  
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)