

HF3496 - 0 - Department of Revenue Free Filing Report

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 Committee: Taxes
 Date Completed: 3/2/2020 5:38:13 PM
 Agency: Revenue Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022
General Fund	-	-	175	-	-
Total	-	-	175	-	-
Biennial Total			175		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	1.77	-	-
Total	-	-	1.77	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 3/2/2020 5:38:13 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund		-	-	175	-	-
Total		-	-	175	-	-
Biennial Total				175		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	-	175	-	-
Total		-	-	175	-	-
Biennial Total				175		-
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill requires the Department of Revenue (DOR) to provide a written report regarding free electronic filing options for individual income tax filing. The report will be provided to the tax committee chairs and ranking minority members by January 15, 2021. DOR is required to conduct a survey of tax preparation software vendors for information on a free electronic preparation and filing options to file Minnesota individual income tax returns, addressing specific concerns noted in the bill and include that survey information in the report. DOR is required to also include these items in the report: a review of options that other states use for electronic filing, an assessment of taxpayer needs for electronic filing; an analysis of alternative options to provide free filing, and an analysis of the Internal Revenue Service Free File Program usage.

The bill includes an appropriation of \$175,000 from the general fund to the commissioner of revenue in fiscal year 2021 for the work involved.

Assumptions

The Department of Revenue (DOR) will research and develop free file solution ideas and prepare a written report as a result of this bill.

Additional staff will be needed to develop and issue the survey to tax preparation software vendors for the information required in the bill, compile and review the responses, and develop and write the report. Additional staff will be needed to determine the options used by other states for state electronic filing, assess taxpayer needs for electronic filing, prepare an analysis of alternative options to provide free filing, and determine the Internal Revenue Service Free File Program usage. Staff will be needed to help vendors understand what information is being requested and to answer the technical questions asked by vendors and other states.

The administrative costs are based on the average cost to the agency of doing similar reports/studies.

Expenditure and/or Revenue Formula

This will bill not impact state tax revenues.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency staff provided information for this fiscal note.

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