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REVISOR

## State of Minnesota

HOUSE OF REPRESENTATIVES H. F. No. 376

## NINETY-SECOND SESSION

Authored by Youakim and Morrison The bill was read for the first time and referred to the Committee on Taxes 01/28/2021

| 1.1        | A bill for an act  |
|------------|--|
| 1.2<br>1.3 | relating to taxation; individual income; requiring a report on free filing for individual income taxpayers; appropriating money. |
| 1.4        | BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:  |
| 1.5        | Section 1. DEPARTMENT OF REVENUE FREE FILING REPORT.   |
| 1.6        | (a) By January 15, 2022, the commissioner of revenue must provide a written report to  |
| 1.7        | the chairs and ranking minority members of the legislative committees with jurisdiction  |
| 1.8        | over taxes. The report must comply with the requirements of Minnesota Statutes, sections   |
| 1.9        | 3.195 and 3.197, and must also provide information on free electronic filing options for   |
| 1.10       | preparing and filing Minnesota individual income tax returns.  |
| 1.11       | (b) The commissioner must survey tax preparation software vendors for information on   |
| 1.12       | a free electronic preparation and filing option for taxpayers to file Minnesota individual                                       |
| 1.13       | income tax returns. The survey must request information from vendors that addresses the  |
| 1.14       | following concerns:  |
| 1.15       | (1) system development, capability, security, and costs for consumer-based tax filing  |
| 1.16       | software;  |
| 1.17       | (2) costs per return that would be charged to the state of Minnesota to provide an   |
| 1.18       | electronic individual income tax return preparation, submission, and payment remittance  |
| 1.19       | process;   |
| 1.20       | (3) providing customer service and issue resolution to taxpayers using the software;   |
| 1.21       | (4) providing and maintaining an appropriate link between the Department of Revenue  |
| 1.22       | and the Internal Revenue Service Modernized Electronic Filing Program;   |

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|      | 01/11/21                                 | REVISOR                    | EAP/EH                  | 21-01155              |
|------|--|----------------------------|-------------------------|-----------------------|
| 2.1  | (5) ensuring that taxpayer return        | n information is maint     | ained and protected a   | as required by        |
| 2.2  | Minnesota Statutes, chapters 13 and      |                            | •                       |                       |
| 2.3  | any other applicable requirements;       |                            |                         | <u>1011 1070, unu</u> |
| 2.4  | (6) current availability of produ        | ects for the free filing   | and submitting of bo    | oth Minnesota         |
| 2.5  | and federal returns offered to custor    | mers and the income th     | nresholds for using th  | ose products.         |
| 2.6  | (c) The report by the commission         | oner must include at a     | minimum:                |                       |
| 2.7  | (1) a review of options that other $(1)$ | er states use for state of | electronic filing;      |                       |
| 2.8  | (2) an assessment of taxpayer need       | eds for electronic filing  | g, including current fi | ling practices;       |
| 2.9  | (3) an analysis of alternative op        | tions to provide free f    | filing, such as tax cre | edits, vendor         |
| 2.10 | incentives, or other benefits; and       |                            |                         |                       |
| 2.11 | (4) an analysis of the Internal R        | evenue Service Free        | File Program usage.     |                       |
| 2.12 | Sec. 2. APPROPRIATION; DE                | PARTMENT OF RE             | EVENUE FREE FI          | LING                  |
| 2.13 | REPORT.                                  |                            |                         |                       |
| 2.14 | \$175,000 in fiscal year 2022 is a       | appropriated from the      | general fund to the c   | commissioner          |
| 2.15 | of revenue for the free filing report r  | required under section     | 1. This is a onetime a  | appropriation.        |