

INCOME TAX WITHHOLDING
Electronic Filing/Payment Requirements

March 29, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 1175 (Vanderveer)/ S.F. 1848 (Bachmann)

	Revenue Gain or (Loss)			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
			(000's)	
General Fund	\$0	\$0	\$0	\$0

Effective for returns and payments due after June 30, 2001.

EXPLANATION OF THE BILL

This bill would not allow the Commissioner of Revenue to require that withholding returns be filed electronically and would repeal the requirement for large employers to pay income tax withholding electronically.

REVENUE ANALYSIS DETAIL

There is no revenue impact from this bill.

ADMINISTRATIVE/OPERATIONAL IMPACT

DOR budgets have been planned based on required filing of withholding returns and current-law requirements for paying of withholding amounts. Changing the Department back to expensive and inefficient paper processing will have significant administrative impacts. There will also most likely be losses of interest currently earned by the timely electronic deposit of payments if the employers revert to paper payments.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>

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