INDIVIDUAL INCOME TAX
Electronic Filing Requirement

March 21, 2001

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

Department of Revenue
Analysis of H.F. 1176 (Vandeveer)/ S.F. 1847 (Bachmann)

	Revenue Gain or (Loss)			
	F.Y. 2002	**F.Y. 2003**	**F.Y. 2004**	**FY2005**
	(000's)			
General Fund	-No Impact-			

Effective beginning tax year 2001.

EXPLANATION OF THE BILL

Current Law: For tax year 2000, tax preparers are required to file individual income tax returns electronically if they prepared more than 500 returns in the prior year. The 500-return requirement is reduced to 250 returns for tax year 2001 and 100 returns for tax year 2002 and after. The requirement is waived for the return of a client who indicates that they do not want their return filed electronically.

Proposed Law: This bill would keep the requirement in effect for tax year 2000, which is to file electronically if more than 500 returns had been prepared in the previous year, rather than lowering the threshold for subsequent years.

REVENUE ANALYSIS DETAIL

There is no revenue impact from this bill.

ADMINISTRATIVE/OPERATIONAL IMPACT

Because the department is currently formalizing a reengineered process for the income tax, the operational impact of this provision cannot be precisely estimated. However, this legislation will change anticipated volumes of electronically submitted returns from practitioners. The anticipated savings from electronically submitted returns will be invested in compliance activities under the current income tax reengineering plan.

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

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