

March 2, 2020

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 3496 (Youakim) / S.F. 3320 (Rest)

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>
	(000's)			
General Fund	\$0	(\$175)	\$0	\$0

Effective July 1, 2020.

EXPLANATION OF THE BILL

The bill requires the Commissioner of Revenue to provide a written report to the Legislature by January 15, 2021, on free electronic filing options for individual income tax returns, including a vendor-based solution. The report must include a response from a request for information to consumer-based software vendors. The bill lists specific items that may be included in the request, including information on the cost of services, vendor capabilities, and product availability. The report must also 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 2021 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 2021.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>