

S.F. No. 488 – Department of Revenue free e-filing report

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This bill requires the Department of Revenue to provide a report to the Senate and House Taxes Committees on options for a free electronic filing system for individual income tax returns. The report must be submitted by January 15, 2022, and include responses from a Department request for information from consumer-based tax filing software vendors.

The request for information must address the following concerns:

- system development, capability, security, and costs for consumer-based tax filing software;
- costs per return for the state to provide an electronic system for the preparation, submission, and remittance of individual income taxes;
- providing customer service and issue resolution to taxpayers using the software;
- providing and maintaining an appropriate link between the Department of Revenue and the IRS electronic filing program;
- ensuring privacy of taxpayer information under taxpayer data privacy laws and any other applicable requirements; and
- current availability of products for the free filing and submitting of state and federal returns and the income thresholds for using those products.

The report must also include a review of options used by other states for free electronic filing; assessment of the needs for an electronic filing system, including current filing practices; analysis of alternative options to providing free electronic filing; and analysis of the use of the IRS free file program.

The bill appropriates \$175,000 to the commissioner of revenue in FY 2022 to fund the study.