



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5434 (as reported by the Committee of the Whole)
Sponsor: Representative Shelley Taub
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Income Tax Act to prohibit the Department of Treasury from requiring any person who prepared a tax return on behalf of another person for compensation to file electronically. The bill provides that the taxpayer would determine whether his or her tax return would be filed electronically. The bill would apply only to the tax year beginning on or after January 1, 2003, and before January 1, 2004.

MCL 206.471

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have an indeterminate impact on State government. The FY 2003-04 budget for the Department of Treasury contains \$2.7 million in reductions based on the ability of the Department to increase the number of income tax returns filed electronically. Of the total reduction, \$2.1 million is related to seasonal employees and overtime costs to process paper returns. The Department of Treasury's goal is to double the number of taxpayers who file electronically (from 30% to 60%). To the extent the bill would affect the number of electronic filings, the Department would incur additional costs related to refunds that are made after June 1, 2004. The Department of Treasury paid \$1.2 million last year for interest associated with tax refunds that were distributed after June 1, 2003.

Date Completed: 3-3-04

Fiscal Analyst: Bill Bowerman