

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6791
BILL NUMBER: SB 354

NOTE PREPARED: Feb 17, 2011
BILL AMENDED:

SUBJECT: Electronic Filing of Tax Returns.

FIRST AUTHOR: Sen. Broden
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a professional preparer that files more than 50 returns in 2012 and more than 10 returns after 2012 for individuals must file the returns electronically in the immediately following calendar year.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The bill reduces the return filing threshold that determines whether a professional tax preparer must file tax returns with the Department of State Revenue (DOR) in an electronic format. Current statute provides that professional tax preparers that file more than 100 returns in a calendar year must file the returns in electronic format. The bill reduces the threshold to 50 returns in CY 2012, and 10 returns beginning in CY 2013. This change will result in administrative cost savings to the DOR, with the total saving dependent on the number of returns that are filed electronically in lieu of paper filings due to the bill. The DOR reports that it costs \$0.08 to process a individual income tax return filed electronically versus \$2 to \$3 for an individual income tax return filed in paper form.

Current statute unchanged by the bill provides that a tax preparer who fails to comply with the electronic filing requirement is subject to a penalty of \$50 per return not filed in electronic format, up to maximum penalty of \$25,000 per calendar year. Current statute unchanged by the bill also makes an exception for tax returns of persons who request in writing that the tax preparer not file the return in electronic format.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Jim Poe, Department of State Revenue, (317) 232-8257.

Fiscal Analyst: Jim Landers, 317-232-9869.