

BUSINESS AND ECONOMIC DEVELOPMENT

Resolution BED-18-26

A RESOLUTION ON ONLINE TAX PREPARATION AND ELECTRONIC TAX RETURN FILINGS THROUGH THE FREE FILE PROGRAM

WHEREAS, in 2002 the Internal Revenue Service (IRS) partnered with the private sector to establish the federal Free File program, which allowed certain tax preparation software companies, known as the Free File Alliance (FFA), to offer free electronic filing to qualifying low-income taxpayers, many of whom are eligible for the Earned Income Tax Credit;

WHEREAS, some states also offer free online filing of tax returns via FFA for qualifying taxpayers individuals;

WHEREAS, the State Free File program is based on an agreement reached between the IRS and FFA that allows qualifying low-income taxpayers in participating states to prepare and file their federal and state taxes returns electronically for free;

WHEREAS, instead of creating state-supported tax preparation software, over a dozen states contract with FFA to offer free online filing for those that meet certain qualifications—such as income limits, age restrictions, or being active duty military personnel;

WHEREAS, many African Americans will likely meet the low-income requirements of State Free File programs given that in 2015 the median annual household income for African Americans was \$35,481;

WHEREAS, the IRS has a Memorandum of Understanding (MOU) and Agreement with the FFA that also governs the State Free File programs, but each member-company is allowed to set additional eligibility requirements for their software products; and

WHEREAS, the MOU sets limitations on FFA's ability to sale, market, or advertise products and services that are not tax returns.

THEREFORE BE IT RESOLVED, that the National Black Caucus of State Legislators (NBCSL) recommends that the policy of prohibiting sales, marketing, advertising, or offering of products other than tax returns should be encouraged and enforced in a manner consistent with the Office of Management and Budget and General Services Administration rules governing all federal websites;

BE IT FURTHER RESOLVED, that the NBCSL encourages policymakers and legislators to ensure that state Free File Alliance option is free of sales, marketing or advertising of any products and services other than a tax return;

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BE IT FURTHER RESOLVED, that the NBCSL encourages standardizing the restrictions within the MOU that individual FFA members may impose to qualify for free electronic filing of income tax returns;

BE IT FURTHER RESOLVED, that the public and the states rely upon the IRS to vet FFA companies before contracting with them and displaying their services on the IRS website;

BE IT FURTHER RESOLVED, that tax return information should not be traded, bartered, rented, shared or sold; and that the privacy of people's tax return information is strictly protected, with no other use of that data either permitted or possible; and

BE IT FINALLY RESOLVED, that the NBCSL send a copy of this resolution to the President of the United States, the Vice President of the United States, members of Congress, and other federal and state government officials as appropriate.

SPONSOR: Representative Karen Camper (TN)

Committee of Jurisdiction: Business and Economic Development Policy Committee

Certified by Committee Chair(s): Representative Harold Mitchell (SC) and Representative W. Curtis Thomas (PA)

Ratified in Plenary Session: Ratification Date is December 2, 2017

Ratification is certified by: Representative Gregory W. Porter (IN), President