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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **843**

February 12, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to tax administration; providing for electronic filing of individual income
1.3 tax returns through the Department of Revenue Web site; requiring a report;
1.4 amending Minnesota Statutes 2006, section 289A.08, by adding subdivisions.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 289A.08, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 17. **Electronic filing of individual income tax returns on Department of**
1.9 **Revenue Web site.** The commissioner of revenue must provide the option for taxpayers
1.10 to electronically file individual income tax returns on the Department of Revenue's Web
1.11 site. The commissioner may not charge a fee to taxpayers who file their own returns
1.12 electronically on the department's Web site.

1.13 **EFFECTIVE DATE.** This section is effective for returns relating to taxable years
1.14 beginning after December 31, 2006.

1.15 Sec. 2. Minnesota Statutes 2006, section 289A.08, is amended by adding a subdivision
1.16 to read:

1.17 Subd. 18. **ReadyReturn for individual income tax returns.** (a) The ReadyReturn
1.18 program is an optional filing method that provides eligible taxpayers a tax return
1.19 using tax data of the taxpayer, already collected by the Department of Revenue, and
1.20 calculations based on that data. The commissioner may provide all eligible taxpayers
1.21 with a ReadyReturn in electronic format in the manner specified in this subdivision.
1.22 The ReadyReturn includes a record of the taxpayer's wages that have been reported by
1.23 employers and provides the tax liability attributable to that income.

2.1 (b) The commissioner must notify taxpayers that the ReadyReturn program is an
2.2 available filing option for eligible taxpayers. The notification must contain all of the
2.3 following information:

2.4 (1) That taxpayers eligible for the program may choose to view or file a ReadyReturn
2.5 under the program.

2.6 (2) A description of the ReadyReturn program, that includes, but is not limited to,
2.7 the following statement:

2.8 "ReadyReturn gives a taxpayer access to the wage data received from an employer.
2.9 ReadyReturn gives a taxpayer the option of viewing or filing a 'ReadyReturn.' A
2.10 ReadyReturn is a completed tax return that is based on the following: wage data received
2.11 from an employer, the taxpayer's filing status from the prior year, amounts withheld by the
2.12 employer, and additional taxes owed to the state or refund owed to the taxpayer."

2.13 (3) Immediately below the description in clause (2) and in boldface type and in a
2.14 large font, the following statement: "The ReadyReturn program is an optional service
2.15 for the convenience of taxpayers with simple returns. You are under absolutely no
2.16 requirement to use this program. You may choose not to look at the online program, or to
2.17 look at the online program and not file the ReadyReturn. If you choose not to view or file
2.18 a ReadyReturn, this will not affect your tax liability in any way."

2.19 (4) The statement described in clause (3) must be prominently displayed on the
2.20 ReadyReturn Web site, and provided to every taxpayer that uses the online ReadyReturn
2.21 prior to logging in and prior to electronically signing an electronically submitted
2.22 ReadyReturn.

2.23 A negative inference must not be drawn from a taxpayer's decision not to file a
2.24 ReadyReturn or to file a return under a different method. If a taxpayer files a ReadyReturn
2.25 and makes payment of the amount indicated on the ReadyReturn, a penalty is not imposed
2.26 under section 289A.60, subdivision 1, paragraph (c), for failure to pay tax, or under
2.27 section 289A.60, subdivision 4, for understatement of tax required to be shown on that
2.28 return which is not so shown.

2.29 (d) In order to operate the ReadyReturn program, the commissioner must:

2.30 (1) design and implement a ReadyReturn Web page or pages on the Department of
2.31 Revenue Web site. The ReadyReturn Web page must provide all taxpayers with secure
2.32 online access to their personal wage data, as reported by employers, and other personal
2.33 tax return information as reported by third parties, that is maintained in the records of the
2.34 Department of Revenue, no later than January 31, 2009, for data relating to taxable year
2.35 2008, and by January 31 of each following year for data relating to the immediately
2.36 preceding taxable year;

3.1 (2) by March 1, 2008, report to the committees of the house and the senate with
3.2 jurisdiction over taxes on the status of the successful implementation of an online system
3.3 that will ensure taxpayer privacy and security of taxpayer data. If the commissioner
3.4 cannot guarantee the appropriate level of taxpayer privacy and security of taxpayer data
3.5 by January 31, 2009, the commissioner must request an extension of the January 31,
3.6 2009, deadline as part of the report; and

3.7 (3) develop an alternative method for eligible taxpayers without access to the
3.8 Internet to request their completed ReadyReturn in paper form.

3.9 (e) Contingent upon the successful implementation of an authentication solution to
3.10 ensure taxpayer privacy and security of taxpayer data, taxpayers must be able to authorize
3.11 their preparers or agents to access any information provided as part of the ReadyReturn
3.12 program and any third-party reporting information described in paragraph (b). The
3.13 commissioner must consult with providers of proprietary software to make the information
3.14 described in paragraphs (a) and (b) available to taxpayers using that software.

3.15 **EFFECTIVE DATE.** This section is effective the day following final enactment,
3.16 with the ReadyReturn program effective for individual income tax returns relating to
3.17 taxable year 2008.