

# DEPARTMENT OF TAXATION

## 2011 Fiscal Impact Statement

1. **Patron** R. Creigh Deeds

3. **Committee** Senate Finance

4. **Title** Taxation: Fillable Tax Forms

2. **Bill Number** SB 1450

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would require the Department of Taxation to provide all state tax forms as fillable forms in a portable document format on its website.

The bill would be effective for taxable years beginning on and after January 1, 2012.

6. **Budget amendment necessary:** Yes.  
Item 262, Department of Taxation

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

#### 7a. **Expenditure Impact:**

<i><b>Fiscal Year</b></i>	<i><b>Dollars</b></i>	<i><b>Positions</b></i>	<i><b>Fund</b></i>
2010-11	\$0	0	GF
2011-12	\$110,500	2	GF
2012-13	\$104,000	2	GF
2013-14	\$104,000	2	GF
2014-15	\$104,000	2	GF
2015-16	\$104,000	2	GF
2016-17	\$104,000	2	GF

### 8. **Fiscal implications:**

#### Administrative Impact

The Department of Taxation would need to hire two full-time staff in order to administer the provisions of this bill. The estimated costs for this staff would be \$110,500 (including set up costs) for Fiscal Year 2011 and \$104,000 for Fiscal Year 2012 and thereafter.

If the staff is in place by July 1, 2011, basic fillable forms (amounts typed in with no arithmetic or limit checks and no eFile) for the all individual forms and most business forms could be ready by January 1, 2012. Some of the lesser used forms would be completed by July 2012.

## Revenue Impact

There is no revenue impact for this bill.

### **9. Specific agency or political subdivisions affected:**

Department of Taxation

### **10. Technical amendment necessary: No.**

### **11. Other comments:**

#### Background

The Internal Revenue Service (IRS) currently provides fillable forms on its web-site in a PDF format. These forms can be downloaded and filled in by typing letters and numbers into the appropriate boxes. The forms provide no arithmetic or limit checks to assist with the accuracy of the form and cannot be filed electronically.

PDF (Portable Document Format) is a file format based on the PostScript page description language that represents a document independently of the software or computer platform that created it. PDF files can be composed of text, graphics and images and can be read, browsed, searched and printed on most major operating systems using either the freely available viewing program, Adobe Reader, or other programs capable of reading PDF files.

#### Proposal

Under this bill, the Department of Taxation would be required to provide all state tax forms as fillable forms in a portable document format on its website. The fillable forms would be similar to the IRS format and would provide no arithmetic or limit checks to assist with the accuracy of the form and could not be filed electronically. Because they would not catch some of the most common errors made by taxpayers, the fillable forms may not enhance return processing, especially if they are used instead of the Department of Taxation's electronic portals for business taxes.

This bill would be effective for taxable years beginning on and after January 1, 2012

#### Similar Bill

**House Bill 2321** would require the Department of Taxation to renegotiate the agreement with the "Consortium of Virginia" in order to remove language prohibiting Virginia from offering free electronic filing services directly to individual income tax taxpayers. The bill would direct the Department of Taxation to reinstate the Virginia iFile program.

cc : Secretary of Finance

Date: 1/26/2011 dtm  
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