

DEPARTMENT OF TAXATION

2021 Fiscal Impact Statement

1. **Patron** Carrie E. Coyner

3. **Committee** House Finance

4. **Title** Online Portal for Tax Practitioners

2. **Bill Number** HB 2060

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would require the Department of Taxation ("the Department") to establish an online portal for tax practitioners to access client information. This bill would require that the online portal be operational no later than July 1, 2023.

If enacted during the regular session of the 2021 General Assembly, this bill would become effective July 1, 2021.

6. **Budget amendment necessary:** Yes.

Item(s): 282 and 284, Department of Taxation

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

The Department anticipates that it would incur initial costs of at least \$1.2 million in order to develop the online portal required by this bill. Such costs would likely be incurred in Fiscal Year 2022. In addition, the Department would incur ongoing costs to fully implement and maintain the portal. The Department would need to continue researching how the Internal Revenue Service and other states have structured similar portals to determine what ongoing resources would be required.

Revenue Impact

This bill would have no impact on General Fund revenue.

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

Department of Taxation

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

11. Other comments:

Proposed Legislation

This bill would require the Department to establish an online portal for tax practitioners to access client information. This bill would require that the online portal be operational no later than July 1, 2023.

The online portal would be accessible only by tax practitioners who possess a valid Power of Attorney and Declaration of Representative form for each client for which the practitioner seeks to access confidential information.

In establishing the online portal, the Department would be required to examine comparable services offered by the Internal Revenue Service or by other states that provide electronic access to confidential taxpayer information and would be required to provide a similar level of service. The scope of information that could be disclosed would be the same as is currently authorized for nonelectronic access to taxpayer information under current law.

If enacted during the regular session of the 2021 General Assembly, this bill would become effective July 1, 2021.

cc : Secretary of Finance

Date: 1/17/2021 JLOF
HB2060F161