
Finance Committee

SSB 5571

Brief Description: Requiring the use of electronic methods for taxes administered by the department of revenue, including filing of taxes, payment of taxes, assessment of taxes, and other taxpayer information.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Oemig and Kohl-Welles; by request of Department of Revenue).

Brief Summary of Substitute Bill

- Requires the use of electronic methods for taxes administered by the Department of Revenue.

Hearing Date: 3/20/09

Staff: Joseph Archuleta (786-7192)

Background:

The Department of Revenue (DOR) sends assessments, notices, and/or other information to persons by regular mail unless the taxpayer has authorized the DOR in writing to provide the assessment, notice, or information electronically.

Payment of taxes to the DOR may be made by check transmitted via regular mail. However, a state statute requires taxpayers to use electronic funds transfer (EFT) if the amount of tax due is \$1.8 million or more in a calendar year. The DOR is permitted to require by rule the mandatory use of EFT for tax liabilities less than \$1.8 million per year. By rule, the DOR requires taxpayers who have taxes due of \$240,000 or more in a calendar year to pay by EFT.

Tax returns may be submitted by regular mail or electronically. The DOR is authorized to allow electronic filing of tax returns for any taxpayer.

If a taxpayer pays taxes by EFT, the DOR is required to pay tax refunds by EFT.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A direct pay permit allows a taxpayer engaged in retail purchases to pay sales and use taxes directly to the DOR instead of to the seller. Taxpayers subject to the mandatory use of EFT and taxpayers making purchases in excess of \$10 million per calendar year may apply to the DOR for a direct pay permit. As previously mentioned, the DOR by rule requires taxpayers with a tax liability exceeding \$240,000 per year to use EFT.

Summary of Bill:

The Department of Revenue (DOR) is required to send all assessments, notices, and other information electronically. The DOR is authorized to implement this requirement in phases and may waive the requirement for good cause shown. The waiver may be temporary or permanent.

All taxpayers are required to pay taxes and file tax returns electronically. Payment of the tax must be by EFT or other forms of electronic payment authorized by DOR, such as credit card or echeck. The DOR may waive this requirement for good cause shown for any taxpayer. The waiver may be temporary or permanent.

The refund provisions are amended to clarify that the DOR does not have to provide a refund by EFT unless the DOR has the necessary account information to facilitate a refund by EFT.

The authorization to use a direct pay permit for taxpayers' reasonably anticipating a cumulative tax liability in excess of \$240,000 per year is formalized in statute.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.