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PROHIBIT LISTING COMPANIES ON TAX FORMS AND INSTRUCTIONS

House Bill 4732 as introduced
First Analysis (12-13-01)

Sponsor: Rep. Bob Brown
Committee: Tax Policy

THE APPARENT PROBLEM:

In 1999, as a means to encourage people to file electronically, the Department of Treasury included on state income tax forms and instructions several advertisements and discounts from companies offering tax preparation services and software for electronic filing. Since not all businesses that provide these services were included, this could be interpreted as an endorsement of those companies listed. Though later tax forms and instructions have not included such advertisements, the bill would put into statute a prohibition on such advertisements.

THE CONTENT OF THE BILL:

The bill would amend the Income Tax Act to prohibit the Department of Treasury from providing information in the instruction booklet or on tax forms that identifies a specific accountant, accounting firm, world wide web address of a tax preparation web site, or tax preparation software.

MCL 206.471

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would have no direct impact on revenue. There may be some very minor administrative costs to the extent that forms or booklets would need to be reprinted. (12-12-01)

ARGUMENTS:

For:

The bill would eliminate unfair competition. Putting advertisements from a few companies in the state's tax forms and instruction booklets adversely impacts those tax preparers who do not have advertisements. It is not the proper role of the department to promote one tax preparer over another. The bill would not affect the department's ability to list on its web site tax preparers who offer e-file, or information on tax preparation software. This listing can be more

exhaustive and fair, and is intended to provide consumers with more information pertaining to electronic filing.

Against:

In the interest of fairness, the department should also not list information on tax preparation software or tax preparers who offer e-file on its web site.

Response:

The list provided on the department's web site can be more exhaustive and, thereby, more fair to tax preparers. It does not encourage taxpayers to seek out services from a particular company. The list is intended to provide consumers with any available information pertaining to electronic filing, in an attempt to increase the number of taxpayers who utilize that option.

POSITIONS:

The Michigan Association of Certified Public Accountants supports the bill. (12-12-01)

The Department of Treasury has no position on the bill. (12-12-01)

Analyst: M. Wolf

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