



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 269 (as reported without amendment)  
Sponsor: Senator Erika Geiss  
Committee: Finance

### **CONTENT**

The bill would create the "Taxpayer Protection Act" within the revenue Act to do the following:

- Require, beginning January 1, 2020, any return or claim for refund prepared by a paid tax preparer to be signed by him or her and include his or her identification number and create a civil penalty of \$50 for each failure to meet this requirement.
- Allow the Department of Treasury to use an amount equal to the total penalties collected under the bill to regulate paid tax preparers.
- Prohibit a paid tax preparer from engaging in certain conduct.
- Allow the Department to commence suit to enjoin any paid tax preparer from further engaging in any conduct described in the bill or from further acting as a paid tax preparer.

"Paid tax preparer" would mean any person who prepares for compensation, or who employs one or more people to prepare for compensation, any return or claim for refund, or a substantial portion of any return or claim for refund under the revenue Act. The term would not include any of the following:

- An individual who was licensed as a certified public accountant under Article 7 (which concerns public accounting) of the Occupational Code.
- An individual whose principal place of business was not in Michigan and who satisfied the requirements regarding public accountants whose principal place of business was outside Michigan listed in the Occupational Code.
- An individual who was employed by a firm that was licensed under Article 7 of the Occupational Code, or exempt from licensure under the Code, and who prepared a return under the supervision of an individual described above.
- An individual who prepared a return as a volunteer through a nonprofit organization or other organization offering tax assistance.

Proposed MCL 205.4a

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bill could have a positive fiscal impact on local government. Under the bill, a tax preparer who failed to provide their preparer tax identification (ID) number on a tax return would incur a \$50 civil fine for each return that did not include the tax ID number, up to a maximum fine of \$25,000 in a calendar year. Any additional revenue from imposed fines would go to local libraries. The amount of additional revenue to be expected is indeterminate and would depend on the actual number of violations that occur in a calendar year.

The bill would have no fiscal impact on the Department of Treasury, as it likely would not increase the expenditures for tax collections, processing, or auditing tax returns beyond current appropriations.

The bill could have a negative fiscal impact on local court systems as a result of an increase in litigation, however, the impact likely would be minimal.

Date Completed: 5-16-19

Fiscal Analyst: Joe Carrasco  
Michael Siracuse  
Cory Savino