

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as “equals” in “unison” with politicians to write laws to govern your life. Big Business has “a VOICE and a VOTE,” according to newly exposed documents. **DO YOU?**

Resolution on Government Tax Preparation & Electronic Filing

WHEREAS, a program that is important to the citizens of the United States may be in jeopardy as the result of decisions being made in the Federal Government; and

WHEREAS, 50 percent of the states that have an individual income tax have banded together to implement an innovative solution to meet the needs of the low income and working poor taxpayers; and

WHEREAS, this innovative solution, called the State Free File, has been developed where Public need and Private corporate citizenship work together, in an era of fiscal limits and new challenges; and

WHEREAS, the State Free File online tax program is based on the Free File Policy Agreement reached between the Internal Revenue Service and the tax software industry several years ago, whereby working poor and other lower income families and individuals are able to obtain free online tax preparation and electronic filing for their federal and state tax returns; and

WHEREAS, the program saves the state budgets the high cost of creating an alternate tax preparation and filing service, with all the systems and costs that would be required to build, operate, maintain, and provide such a program. Twenty-one states have decided to participate in the Free File public-private partnership solution, creating Free File programs in their states. This has saved their State Governments billions of dollars, while providing free services to those who need them; and

WHEREAS, the IRS negotiated the terms of the national Free File Agreement with the software providers, this agreement is the common basis for all the Free File programs in the twenty-one Free File states; and

WHEREAS, that same IRS Free File program has been strengthened and enhanced over time to include governing standards, requirements and safeguards that advanced the public interest and created a model for quality collaboration between the public and private sectors, and said Free File Agreement has recently been extended and renewed by the IRS through 2014; and

WHEREAS, the Free File Program provides competitive consumer choice among service providers, and relies upon private sector innovation and invention to simplify tax compliance while preserving the independence and objectivity of private tax preparation for the citizen; and

WHEREAS, the State Free File programs are directly tied to the national Policy Agreement underlying the Federal Free File program. The demise of the national IRS program would immediately cascade down to the States. The States would be required to invest in State tax preparation systems to replace the lost free program. And while the Federal Government may have the excess public funds available to engage in this kind of duplication of private sector capabilities, the States do not; and

WHEREAS, the American Legislative Exchange Council is concerned that this imposition of unnecessary and unfunded burden on the States is totally unacceptable; and

WHEREAS, a Government-provided bill presentment tax system would not have all the information necessary to fairly and accurately determine what tax credits and deductions taxpayers and their families may be eligible for, and would therefore result in overpayment of taxes, enabling the tax collector to derive increased revenue receipts from lower and middle income American families who are least able to pay, and that this represents significant conflict of interest in the potential expanded roles of the tax collector; and

WHEREAS, converting the Voluntary Compliance tax system to a bill presentment model and substituting the

judgment and objectives of tax collectors for the engagement of our citizens in determining their own fair tax compliance outcomes is not in the public interest; and

WHEREAS, in contrast to return preparation and bill presentment by the Government tax collector, the Free File Program can help eligible taxpayers properly claim the Earned Income Credit, and in so doing make a real difference in helping lift themselves and their families out of poverty. Similarly, Free File can help eligible taxpayers claim the Child and Elder Care Credits, and Retirement Savings Incentives, and minimize their lawful tax liability; and

WHEREAS, the Free File States do not have the fiscal wherewithal to spend billions of dollars in costs to burden their public treasuries with State tax preparation systems to attempt to replace their Free File Programs;

THEREFORE BE IT RESOLVED BY THE AMERICAN LEGISLATIVE EXCHANGE COUNCIL that ALEC strongly recommends that the Congress insist, in the defense of the American taxpayer, that any such proposal by the Executive Branch must be presented to Congress seeking its specific statutory authorization, direction and funding before any such action is taken or attempted by the Federal Government; and

BE IT FURTHER RESOLVED that the Congress act to support the Free File Program, assuring its stability and continuity in service to the nation, as a highly cost-effective solution that protects taxpayer privacy, preserves the independence and objectivity of their tax advice and assistance, and helps ensure that taxpayers fairly receive all the tax credits and deductions they fairly deserve so they do not pay more taxes than they fairly owe; and

BE IT FURTHER RESOLVED that ALEC strongly recommends that the United States Congress then reject any proposal in any form that would convert the current Voluntary Compliance tax system into a Government-provided bill presentment tax system, where the tax collector would expand its role into routinely preparing the tax returns of millions of lower and middle income citizens and present them with an annual tax bill in the form of a pre-completed return, to the disadvantage of taxpayers and in discouragement of those citizens' continued engagement in the tax compliance process in their own financial self interest; and

BE IT FURTHER RESOLVED, that copies of this Resolution, suitably engrossed, be transmitted to the President of the Senate of the United States, the Speaker of the House of Representatives, each member of the Congress of the United States; the Treasury Secretary; the President of the United States; the President of the Senate and the Speaker of the House of the 21 Free File states, the ALEC legislative members of the 21 Free File states; and

BE IT FINALLY RESOLVED, that this Legislative Body urges the United States Congress and the President of the United States to take immediate action on this resolution.

Did you know that global telecommunications company AT&T was the corporate co-chair in 2011?

Adopted by the Telecommunications and Information Technology Task Force at the Spring Task Force Meeting on April 23, 2010.

Approved by the ALEC Board of Directors on June 3, 2010.

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