

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

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?**

Home → Model Legislation → Telecommunications and Information Technology

Resolution on Free Online Tax Preparation & Electronic Filing

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

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 United States Congress; and

WHEREAS, 50% 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 Alliance, 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 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 Alliance public-private partnership solution, creating Free File programs in their states. This has saved their State Governments many millions 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 since developed some significant management and operational deficiencies that are adversely impacting the State Free File programs, as well as the Federal program, and these problems need to be urgently corrected and the program improved; and

WHEREAS, we are concerned with the IRS limitations of the Federal program to provide only free FEDERAL returns, while people using the FEDERAL program are then required to pay for preparation and electronic filing of their state returns; and

WHEREAS, we are concerned that the IRS rules allow companies to sell all kinds of products and services within the program from the IRS website, including but not limited to state tax return preparation and electronic filing and high interest refund loans; and

WHEREAS, we are further concerned this laissez faire marketing and selling environment hosted from the Federal Government's website puts the public, and the Free File program, at risk; and WHEREAS, recent efforts by the Senate Finance Committee to consider draft legislation on this subject are in many respects inadequate, and in other respects misguided. The legislation, S.832, would not end the freewheeling marketplace that the IRS website has become, nor would it require companies participating in the Federal program to offer both Federal and State returns to taxpayers eligible for these free services; and

WHEREAS, of equal alarm, the legislation proposes to require the IRS to build and deploy an Internet web portal for directly providing its own electronic tax preparation services to the public. The direct impact of this provision would be to end Free File and replace it with a new Government-provided program instead costing the taxpayers millions of dollars; and

WHEREAS, the Federal Government may have the available funds to engage in this kind of duplication of private sector capabilities, the States do not; and

WHEREAS, the State Free File programs are directly tied to the national agreement underlying the Federal Free File program. The demise of the

ALEC's Corporate Board
--in recent past or present

- AT&T Services, Inc.
 - centerpoint360
 - UPS
 - Bayer Corporation
 - GlaxoSmithKline
 - Energy Future Holdings
 - Johnson & Johnson
 - Coca-Cola Company
 - PhRMA
 - Kraft Foods, Inc.
 - Coca-Cola Co.
 - Pfizer Inc.
 - Reed Elsevier, Inc.
 - DIAGEO
 - Peabody Energy
 - Intuit, Inc.
 - Koch Industries, Inc.
 - ExxonMobil
 - Verizon
 - Reynolds American Inc.
 - Wal-Mart Stores, Inc.
 - Salt River Project
 - Altria Client Services, Inc.
 - American Bail Coalition
 - State Farm Insurance
- For more on these corporations, search at www.SourceWatch.org.

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.

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

WHEREAS, common sense management reforms would demonstrate the value of public-private partnership innovation and save the public treasuries of governments across the country many millions of tax dollars; and

WHEREAS, Free File can help eligible taxpayers 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. The private sector is best able to design and deliver the consumer tools to make it easy and simple to achieve these objectives, and that is the hope of the Free File concept; and

WHEREAS, that participating companies in the Free File program should be carefully screened, so their listing in the program really means something that people can rely on; and

WHEREAS, that the public and the States rely upon IRS vetting these companies before holding them out for use through their website; and

THEREFORE BE IT RESOLVED BY THE AMERICAN LEGISLATIVE EXCHANGE COUNCIL(ALEC), THAT ALEC strongly recommends that no sales or marketing or advertising should be allowed in the Free File program consistent with the Office of Management and Budget and General Services Administration rules governing all Federal websites; and

BE IT FURTHER RESOLVED, that tax return information cannot be traded, bartered, rented, shared or sold; and that the privacy of people's tax return information is strictly protected, with no other use of that data either permitted or possible

BE IT FURTHER RESOLVED, that companies participating in Free File be required to meet the same time-tested Federal standards for Corporate Responsibility and Commerciality that are a basic requirements for the government's own purchase of commercial services; and

BE IT FURTHER RESOLVED, that participating companies be required to continue to provide FREE Federal return tax preparation and electronic filing services, while directing the IRS to encourage those companies to provide Free preparation and electronic filing of State returns for eligible taxpayers in those States that also have State Free File Alliances.

BE IT FURTHER RESOLVED, that copies of this Resolution, suitable 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.

Adopted by the Telecommunications and Information Technology Task Force at the States and Nation Policy Summit on December 9, 2006. Approved by the ALEC Board of Directors January 8, 2007.

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