

Senate Bill 325

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Department of Revenue to allow personal income taxpayers to file returns electronically. Authorizes department to enter into agreements with software vendors to develop and implement electronic filing system. Authorizes department to pay software vendor fees associated with electronic filing of returns. Establishes Electronic Tax Filing Fund. Appropriates moneys in fund to department for purpose of administering electronic filing of income tax returns and paying software vendor fees. Applies to personal income tax returns required to be filed for tax years beginning on or after January 1, 2013.

Provides that Department of Revenue may accept electronic forms of payment of income tax due directly from taxpayer. Provides for payment by department of financial institution transaction fees associated with processing of electronic forms of payment. Establishes Electronic Tax Payment Fund. Continuously appropriates moneys in fund to department for administration of electronic payment of tax and payment of associated transaction fees. Applies to income tax payments made for tax liabilities for tax years beginning on or after January 1, 2012.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to electronic filing of income taxes; creating new provisions; amending ORS 314.385; ap-
3 propriating money; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 314.385 is amended to read:

6 314.385. (1)(a) For purposes of ORS chapter 316, returns shall be filed with the Department of
7 Revenue on or before the due date of the corresponding federal return for the tax year as prescribed
8 under the Internal Revenue Code and the regulations adopted pursuant thereto, except that the final
9 return of a decedent shall be filed at any time following the death of the decedent, to and including
10 the 15th day of the fourth month after expiration of the regular tax year of the decedent.

11 (b) For purposes of ORS chapters 317 and 318, returns shall be filed with the department on or
12 before the 15th day of the month following the due date of the corresponding federal return for the
13 tax year, as prescribed under the Internal Revenue Code and the regulations adopted pursuant
14 thereto.

15 (c) The department may allow further time for filing returns equal in length to the extension
16 periods allowed under the Internal Revenue Code and its regulations.

17 (d) If no return is required to be filed for federal income tax purposes, the due date or extension
18 period for a return shall be the same as the due date, or extension period, would have been if the
19 taxpayer had been required to file a return for federal income tax purposes for the tax year. How-
20 ever, the due date for returns filed for purposes of ORS chapter 317 or 318 shall be on or before the
21 15th day of the month following what would have been the federal return due date for the tax year.

22 (2) There shall be annexed to the return a statement verified as provided under ORS 305.810 by
23 a declaration of the taxpayer making the return to the effect that the statements contained therein

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 are true.

2 (3) Returns shall be in such form as the department may, from time to time, prescribe. The de-
3 partment shall prepare blank forms for the returns and distribute them throughout the state. Such
4 forms shall be furnished the taxpayer upon request, but failure to receive or secure a form shall not
5 relieve the taxpayer from the obligation of making any return required by law.

6 (4) **The department shall allow all personal income taxpayers to file a return required**
7 **under ORS chapter 316 electronically and free of charge to the taxpayer. The department**
8 **shall develop and implement a system providing for electronic filing of returns. The depart-**
9 **ment may not require that taxpayers filing electronically use commercial tax preparation**
10 **software in the preparation of a return, but shall develop a system that is compatible with**
11 **commonly available commercial tax preparation software.**

12 [(4)(a)] (5)(a) The department may by rule authorize the filing of a return in alternative formats
13 to those described in [subsection (3)] **subsections (3) and (4)** of this section and may prescribe the
14 conditions, requirements and technical standards for a filing under this subsection.

15 (b) Notwithstanding subsections (1) to [(3)] (4) of this section, the department may by rule pre-
16 scribe a different due date for a return filed in an alternative format.

17 (c) The policy of the Legislative Assembly in granting the department rulemaking authority un-
18 der paragraph (b) of this subsection is to have the department prescribe due dates that mirror the
19 due dates that apply to federal returns filed in alternative formats for federal tax purposes.

20 **SECTION 2. Section 3 of this 2011 Act is added to and made a part of ORS chapter 314.**

21 **SECTION 3. (1) The Department of Revenue may enter into agreements with software**
22 **vendors in order to facilitate the development and implementation of a system providing for**
23 **the electronic filing of returns.**

24 (2) The department may remit to a software vendor fees charged by the software vendor
25 for the electronic filing of a return as provided in ORS 314.385 (4). Fees charged by a software
26 vendor under this section do not increase the tax liability of a taxpayer. A fee paid under this
27 subsection may not exceed \$_____ per return.

28 **SECTION 4. The Electronic Tax Filing Fund is established in the State Treasury, sepa-**
29 **rate and distinct from the General Fund. Interest earned by the Electronic Tax Filing Fund**
30 **shall be credited to the fund. Moneys in the fund are continuously appropriated to the De-**
31 **partment of Revenue for the purpose of administering ORS 314.385 (4) and section 3 of this**
32 **2011 Act and making payments to software vendors as provided in section 3 (2) of this 2011**
33 **Act.**

34 **SECTION 5. Section 3 of this 2011 Act and the amendments to ORS 314.385 by section 1**
35 **of this 2011 Act apply to personal income tax returns required to be filed for tax years be-**
36 **ginning on or after January 1, 2013.**

37 **SECTION 6. Section 7 of this 2011 Act is added to and made a part of ORS chapter 314.**

38 **SECTION 7. (1) As used in this section;**

39 (a) "Credit card" has the meaning given that term in 15 U.S.C. 1602.

40 (b) "Debit card" has the meaning given the term "debit instrument" in 15 U.S.C. 1693n.

41 (c) "Electronic funds transfer" has the meaning given that term in ORS 293.525.

42 (2) The Department of Revenue may accept electronic forms of payment of the tax due
43 directly from the taxpayer using a credit card, debit card, electronic funds transfer or simi-
44 lar form of electronic payment. The taxpayer may contact the department by telephone or
45 using the Internet to initiate an electronic payment.

1 **(3) The amount of payment received by the department using a method described in**
2 **subsection (2) of this section may not exceed \$_____ from a taxpayer for a tax year.**

3 **(4) The department may remit to a financial institution a transaction fee charged by the**
4 **financial institution for processing a payment described in this section. The fee does not in-**
5 **crease the tax liability of the taxpayer. A fee paid to a financial institution under this sub-**
6 **section may not exceed \$_____ per transaction.**

7 **SECTION 8. The Electronic Tax Payment Fund is established in the State Treasury,**
8 **separate and distinct from the General Fund. Interest earned by the Electronic Tax Pay-**
9 **ment Fund shall be credited to the fund. Moneys in the fund are continuously appropriated**
10 **to the Department of Revenue for the purposes of administering section 7 of this 2011 Act**
11 **and making payments to financial institutions as provided in section 7 (4) of this 2011 Act.**

12 **SECTION 9. Section 7 of this 2011 Act applies to income tax payments made for tax li-**
13 **abilities for tax years beginning on or after January 1, 2012.**

14 **SECTION 10. This 2011 Act takes effect on the 91st day after the date on which the 2011**
15 **session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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