

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: SB 2514 Electronic Filing of Taxes

SPONSOR(S): Appropriations

TIED BILLS: **IDEN./SIM. BILLS:**

FINAL HOUSE FLOOR ACTION: 107 Y's

0 N's

GOVERNOR'S ACTION: Approved

SUMMARY ANALYSIS

Senate Bill 2514 passed the House on March 14, 2022, as amended by the conference committee.

The bill conforms statutes to the funding decisions in the General Appropriations Act (GAA) for Fiscal Year 2022-2023.

The Department of Revenue's (DOR) General Tax Administration (GTA) Program administers over 30 taxes and fees totaling more than \$40 billion annually, including sales tax, corporate income tax, communication services tax, reemployment tax, and fuel tax. GTA is responsible for registering taxpayers, processing tax returns and payments, and distributing funds to state accounts and local governments.

Current law authorizes the Executive Director of DOR to require a taxpayer to file returns and remit payments electronically when the amount of taxes paid in the prior state fiscal year was \$20,000 or more. Similarly, a dealer of communications services is required to remit taxes by electronic funds transfer when the amount of tax paid by the dealer under ch. 202, F.S. (Communications Services Tax); ch. 203, F.S. (Gross Receipts Taxes); or ch. 212, F.S. (Sales and Use Tax) in the prior state fiscal year is \$20,000 or more.

The bill authorizes the Executive Director of DOR to require a taxpayer to file returns and remit payments electronically when the amount of taxes paid in the prior state fiscal year was \$5,000 or more. The bill also requires dealers of communications services to remit taxes by electronic funds transfer (EFT) when the amount of tax paid in the prior state fiscal year was \$5,000 or more.

Lowering the electronic filing and payment threshold will result in operational efficiencies and cost savings in the GTA Program due to fewer paper returns and checks received. The GAA for Fiscal Year 2022-2023 reduces eight vacant full-time equivalent (FTE) positions and \$329,572 in recurring general revenue funding in the GTA budget. See Fiscal Analysis & Economic Impact Statement.

The bill was approved by the Governor on June 2, 2022, ch. 2022-151, L.O.F., and will become effective on January 1, 2023.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Present Situation

The Department of Revenue (DOR) General Tax Administration (GTA) Program collects and processes more than \$40 billion each year from over 30 different taxes and fees, including sales tax, corporate income tax, communication services tax, reemployment tax, and fuel tax. DOR is responsible for registering taxpayers, processing tax returns and payments, and distributing funds to state accounts and local governments.

Section 213.755(1), F.S., authorizes DOR's Executive Director to require a taxpayer to file returns and remit payments by electronic means when the amount of tax paid by the taxpayer in the previous state fiscal year was \$20,000 or more.

A dealer of communications services tax is required to remit taxes to DOR by electronic funds transfer when the amount of tax paid by the dealer under chs. 202¹, 203², or 212³, F.S., in the previous state fiscal year was \$20,000 or more.⁴

Effect of the Bill

The bill reduces the electronic filing threshold for a taxpayer to file returns and remit payments. Specifically, the bill authorizes the Executive Director of DOR to require a taxpayer to file returns and remit payments electronically when the amount of taxes paid in the prior state fiscal year was \$5,000 or more, rather than \$20,000. The bill also requires dealers of communications services to remit taxes by electronic funds transfer (EFT) when the amount of tax paid in the prior state fiscal year was \$5,000 or more, rather than \$20,000.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Lowering the threshold amount that obligates taxpayers to remit and file electronically from \$20,000 to \$5,000 will result in increased efficiencies in the GTA Program and allow DOR to reduce 8.00 vacant full-time equivalent (FTE) positions and \$329,572 in recurring general revenue funding in the Salaries and Benefits appropriation category. This cost savings will result from fewer paper returns and checks received by the GTA Program. The GAA for Fiscal Year 2022-2023 includes these reductions. DOR submitted this reduction issue in its Legislative Budget Request for the 2022-2023 fiscal year.

DOR indicates the operational impacts relating to taxpayer, education and communication services, and modifications to the System for Unified Taxation (SUNTAX) will be absorbed within existing

¹ Communications Services Tax.

² Gross Receipts Taxes.

³ Sales and Use Tax.

⁴ S. 202.30(1), F.S.

resources.⁵ Fewer staff will be needed to process paper returns and checks; therefore, GTA Program operations will not be negatively impacted.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill has an indeterminate fiscal impact on taxpayers that will be required to file and remit payment electronically. In Fiscal Year 2020-2021, the population of paper filers that paid taxes between the amounts of \$5,000 and \$20,000 was 29,193.⁶ The bill may require these taxpayers to file electronically starting on January 1, 2023.

Dealers of communications services are required to remit taxes electronically by EFT if the tax amount paid in the prior state fiscal year was \$5,000 or more.

D. FISCAL COMMENTS:

None.

⁵ Department of Revenue, Agency Analysis of Governor's Proposed 2022 E-Filing Conforming Bill, p. 6 (Jan. 24, 2022).

⁶ *Id.* at 7.