



THE LEGISLATURE
STATE OF NEW YORK
ALBANY

Thursday, September 21, 2023

Amanda Hiller
Acting Commissioner
Department of Taxation and Finance
Building 8/8A
Harriman Campus Road
Albany, New York 12227

Dear Acting Commissioner Hiller,

As lawmakers, we are constantly looking for ways to create a fairer and more accessible tax code. We were extremely pleased, therefore, to hear the recent news that the federal Internal Revenue Service (IRS) plans to pilot a free, publicly run tax filing system this coming January. We write today to urge you to collaborate with the IRS to explore the possibility of including New York tax returns in such a system.

Free, direct tax filing is an idea whose time has come. While the IRS formed a "Free File Alliance" with certain firms in 2003 to offer free tax preparation for those making \$73,000 or less, in exchange for the IRS holding off on creating a publicly run system, the legal provisions cementing this arrangement have since expired. Additionally, the \$73,000 income threshold, which applies to both individuals and families, has never been adjusted.



Other countries and the State of California, meanwhile, have been filing their own citizens' tax returns for years, effectively prepopulating returns with information they already have on income, withholding rates, dividends, and capital gains. There is no reason why any eventual state direct file system, either on its own or as part of the IRS program, cannot do the same. Americans leave a median of \$900 in unclaimed tax refunds on the table every year, a number that will only continue to grow as the government rightfully creates and expands tax credits in order to get cash into the pockets of those who need it most. In this year's budget, for example, we finally closed a gap in the Empire State Child Tax Credit which excluded families with children aged zero to three from being able to claim the credit, allowing 584,000 households to get an average of \$318 back on their taxes - and yet many of the lowest income New Yorkers, who do not otherwise have to file taxes, may never receive this refund.

A direct file system, run by a trusted state agency that already has requisite filer information, can ensure that tax benefits reach those who need them most while saving taxpayers time and

money. As state legislators, we stand ready to support this endeavor in whatever form necessary, including through statutory authorization or a budget appropriation.

We urge you to work with the IRS to ensure that New York taxpayers are able to e-file both federal and state tax returns together. Thank you for your attention to this matter, and we look forward to being briefed on the status of these conversations.

Sincerely,

	
Andrew S. Gounardes New York State Senate	Alex Bores New York State Assembly
District 26	District 73