
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 252 Session of
2003

INTRODUCED BY MARKOSEK, COSTA, FABRIZIO, LEH, PHILLIPS, BEBKO-
JONES, CAWLEY, HERSHEY, JAMES, JOSEPHS, LESCOVITZ, LEVDANSKY,
McGEEHAN, PRESTON, READSHAW, SAINATO, SCRIMENTI, SHANER,
TIGUE, TRAVAGLIO, WASHINGTON AND YOUNGBLOOD, APRIL 29, 2003

REFERRED TO COMMITTEE ON INTERGOVERNMENTAL AFFAIRS,
APRIL 29, 2003

A RESOLUTION

1 Urging the United States Department of the Treasury to amend
2 regulations under 26 U.S.C. § 7216 to prohibit commercial tax
3 preparers who participate in the Free File program from
4 marketing financial products and services to taxpayers and
5 using confidential tax information for cross-marketing
6 purposes.

7 WHEREAS, In 2001 the Office of Management and Budget
8 instructed the Internal Revenue Service (IRS) to provide free
9 on-line tax return preparation and filing services to taxpayers
10 in an effort to enhance Government to citizen electronic
11 capabilities and encourage increased use of electronic tax
12 filing; and

13 WHEREAS, In October 2002 a public-private partnership
14 agreement was officially signed between the IRS and the Free
15 File Alliance, LLC, a group of tax software companies managed by
16 the Council for the Electronic Revenue Communication Advancement
17 to provide free on-line tax preparation and electronic filing
18 services to an estimated 78 million taxpayers; and

1 WHEREAS, Nearly 53 million taxpayers anticipate using the
2 Free File program to electronically file for Tax Year 2002; and

3 WHEREAS, The Free File agreement grants authority to each
4 participating software company to set its own eligibility
5 requirements, subject to all Federal rules and regulations on
6 taxpayer privacy, for paying customers and free customers,
7 including prohibiting use of tax return data for purposes not
8 specifically authorized by the taxpayer; and

9 WHEREAS, Recent information indicates that private companies
10 participating in the Free File program are using new marketing
11 methods, appearing simultaneously with preparation and filing of
12 individual taxpayer information, to promote fee-based products
13 and services; and

14 WHEREAS, These new marketing techniques, including multiple
15 World Wide Web popup boxes requiring an immediate affirmative or
16 negative response from the taxpayer before advancing to the next
17 screen, may effectively divert taxpayer concentration and
18 attention from the immediate personal filing; and

19 WHEREAS, Taxpayers using commercial tax preparation sites in
20 the Free File program may be forced to accept license agreements
21 and privacy policies that authorize data sharing with affiliates
22 of the tax preparation entity which may not be exposed by the
23 popup box; and

24 WHEREAS, This practice is extremely troubling and potentially
25 exposes taxpayers to the cross-marketing of unrelated financial
26 services through a Government-sponsored free tax filing program;
27 and

28 WHEREAS, Alliance members in the Free File program are
29 subject to 26 U.S.C. § 7216, whose purpose is to protect the
30 disclosure or use of information by preparers of tax returns

1 from unwanted solicitations; and

2 WHEREAS, An existing consent loophole in those regulations
3 currently permits commercial preparers to advertise refund
4 anticipation loans and potential subprime mortgages to taxpayers
5 who access World Wide Web sites through the Free File program;
6 therefore be it

7 RESOLVED, That the House of Representatives of the
8 Commonwealth of Pennsylvania urge the United States Department
9 of the Treasury to amend regulations under 26 U.S.C. § 7216 to
10 close this consent loophole; and be it further

11 RESOLVED, That the United States Department of the Treasury
12 prohibit commercial preparers participating in the Free File
13 program from marketing financial products and services to
14 taxpayers and using confidential tax information for cross-
15 marketing purposes; and be it further

16 RESOLVED, That copies of this resolution be transmitted to
17 Ms. Pamela F. Olson, Assistant Secretary for Tax Policy, United
18 States Department of the Treasury, 1500 Pennsylvania Avenue, NW,
19 Washington, D.C. 20220.