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Alabama Senate votes to regulate tax preparers

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The state Senate is ready to make Alabama the fourth state to register and regulate commercial tax preparers.

The Senate voted 25-0 Thursday for a bill that would create the Alabama Board of Individual Tax Preparers. The board would develop a competency test for commercial tax preparers and require them to pay an \$80 annual licensing fee. It would also require tax preparers to disclose all costs on refund anticipation loans, which are sometimes promoted as "instant refunds."

The bill's sponsor, Sen. Quinton Ross, D-Montgomery, said some fly-by-night tax preparers are taking advantage of citizens by charging exorbitant fees and not filling out forms properly. Once April 15 passes, their storefront operations are gone.

"We are trying to provide good consumer protection to the people of Alabama," he said.

Oregon, California and Maryland regulate people who prepare tax returns for pay.

The push in Alabama started with Impact Alabama, a nonprofit group that trains college students to prepare tax returns for free for low-income families. The students pass a test provided by the Internal Revenue Service before working on tax returns.

The proposed legislation would exempt accountants, lawyers who prepare taxes, and any tax preparers who have passed an IRS test. Ross said that's because accountants and lawyers are already in regulated professions, and the other tax preparers have demonstrated basic competency.

The bill now goes to the House. The president and founder of Impact Alabama, Stephen Black, said he's optimistic about the legislation's future because it got bipartisan support in the Senate and it passed early in the legislative session.

The state's top tax official, Revenue Commissioner Tim Russell, helped Impact Alabama prepare the bill, and it was endorsed by Alabama Society of Certified Public Accountants.

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