

TO: Senator X
FROM: Na Jeong Kim
TITLE: Recommendations for Ready Return

The California Franchise Tax Board (FTB) created a new method of tax filing, called Ready Return, for state residents. The FTB makes sure that the Ready Return will provide citizens with convenience by technologies at the same time, contribute revenue increase by drawing people into the tax system. However, the FTB's decision to expand the program prompted intense opposition. Opponents contend that Ready Return represents an unwarranted and unnecessary intrusion into the private sector and by offering Ready Return, and the FTB plays a dual role—a tax-collection agency would prepare income-tax returns for certain taxpayers. While, in order to kill Ready Return, interest groups are vigorously lobbying to the State Legislature, the FTB has a strong will to spread it to more residents. Thus, this debate over Ready Return doesn't appear to be easily over.

Main Issues

In California, there has already been a free service similar to the government program. It was developed by private sectors to simplify tax-preparation for consumers and approximately 21 states have participated in the Free File Program. In this aspect, such private sectors' intense opposition to Ready Return seems understandable. Actually, government has some advantages in competing with the private sector in terms of low cost and credibility. For this reason, when government intervenes into a sector where private industry is providing services for consumer, its intervention should be carefully considered.

When government involves a new role in people's life, it should be contemplated because its intervention can restrain individual's right or invade privacy instead of protecting people's property or providing them with convenience. Thus, citizens can concern about government's dual role of tax collector and tax preparer in Ready Return. In this situation, government should communicate with people

well to deliver clearly government's intention to the people. That is the way people are not used of misinformation campaign by opponents.

The possible solutions

There are some possible solutions to address these issues: 1) the FTB focuses on technically upgrading Ready Return in order to spread it to more residents by proving its excellent function 2) working with the private sector by establishing partnership with the private sector which already created a program similar to Ready Return; 3) negotiating with interest groups to a certain extent, making some ambiguous issues clear to the public through a public hearing or a public forum.

Recommendations

All three options above appear to be good solutions for successful Ready Return. Thus, I just would rather focus on the third one than choose only one option. The FTB officials have a strong belief and confidence about Ready Return in that it will provide free tax assistance to individuals of modest and low income, and in that the program will help foster "financially literacy" for the low-income demographic. It is very desirable, as described in Wilson (2005), "The administrator should have and does have a will of his own in the choice of means for accomplishing his work" (p. 11). However, it doesn't seem to be enough to make Ready Return a permanent program. "In order to make any advance at all, [public administrators] must persuade public opinion; advancement must be made through compromise, by compounding of differences, by a trimming of plans and a suppression of too straightforward principles" (Wilson, 2005, p. 9). The FTB should make compromise with opponent groups to achieve its goal and communicate with people through a public forum to convey its intention exactly.

Conclusion

The Ready Return was created with good intention by government. It is very desirable that government challenges the status quo for people's convenience. To survive, however, as a good policy, government needs to make efforts into negotiation with interest groups and into communication with citizens. This is why good policy make profits to both sides.

Reference

Wilson, W. (2005). The Study of Administration. In Stillman, R. (Ed.), *Public Administration: Concepts and Cases* (pp. 6-15). Boston: Hartford.

As described in Wilson (2005), [administrators' duty] is what government can properly and successfully do and how it can do these proper things with the utmost possible efficiency and at the least possible cost for people (p. 6)

Stakeholders

The FTB wants to make Ready Return a permanent program by expanding it because they make sure that it will provide the residents with an easy and efficient method for tax filing. The interest groups including private sector tax preparation firms object to expanding the program in fear that their industries will be invaded by the public sector in advantage.

(. The service is offered for free to qualified residents such as immigrants, non-English speakers and low-incomers.

The public opinion

Chiang, who became state controller in 2007, is no stranger to the ReadyReturn battle. He, along with Westly and Campbell, voted to authorize the original ReadyReturn pilot. During election session for the state controller Chiang was targeted by Intuit and other tax-preparation-software companies because of his stance on ReadyReturn. Chiang recalled that the company put up a stiff fight when the FTB decided to add a calculator function to its Website to assist taxpayers. The FTB is focusing on making sure the software can scale up to handle the approximately 1 million taxpayers who qualify for the ReadyReturn program. ReadyReturn's most appealing feature to legislators is that it provides free tax assistance to individuals of modest and low income, and that the program helps foster "financially literacy" for the low-income demographic. (Confidence, Belief)

Conclusion

This Ready Return is the upheaval created by innovations that challenge the status quo. Good policy gaining profits to both sides...proactive policy making.

California's tax collector should also serve as a tax preparer.

By offering Ready Return, the FTB put itself in a novel role—a tax-collection agency would prepare income-tax returns for certain taxpayers. This dual role sparked heated debate.

Supporters countered that the program removed unnecessary mystery from the income-tax process. Ready Return was a service government should provide.

Public administrator's duty

Steve Westly, California's state controller supported Ready Return because it fit his vision of how state government ought to operate, and it removed a layer of complexity from the state's income-tax system. I was going to bring technology that would be not only cost-effective, but would help improve people's lives. Before being elected to office, Westly became one of the early executives of Internet-commerce pioneer eBay.

Misinformation campaign

The California Legislature

to eliminate private sectors' misunderstandings, It is unavoidable Raising issue of government competition in an area that's already served by the private sector. Ready Return represents an unwarranted and unnecessary intrusion into the private sector. It is taxpayer-funded competition into a sector where private industry is providing services and solutions for consumer.

is the Free File program, which offers free federal tax return preparation and e-filing for those earning \$52,000 or less. Approximately 21 states participate in the Free File Program. Private sectors have already created significant software innovations to simplify tax-preparation for consumers.

& Simpson, 2008; Cohen & Eimicke, 2002).

. The point is to make it easier for those people to do their taxes, to let them know they owe, and bring them into system to make sure you get everybody started on their responsibility in a democracy. registering from immigrants.

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