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Electronic Income Tax Filing Grows in Importance at the State Level

To State Tax Administrators:

Summary

This Bulletin presents an analysis of state electronic filing of individual income tax returns in 2004. It looks at e-filing from two perspectives: (a) state e-filing as a proportion of federal returns e-filed from a state; and (b) electronic returns as a proportion of total state income tax filings. It also looks at the use of direct deposit for making refund payments. The basic conclusion is that the volume of state electronic filing is growing rapidly and consistently. E-filed returns of all types constitute a growing proportion of all income tax filings. Seven states now receive one-half or more of their total returns electronically.

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The analysis is based on data from the Internal Revenue Service which tracks the number of federal and state electronic returns filed by taxpayers in each state through the FedState e-filing program.¹ This data is supplemented with information provided by the states to the Federation of Tax Administrators on the distribution of returns filed on paper and by various electronic means throughout the filing season. Both the state and federal data are for returns filed through the October 15, 2004 extension date.²

¹ Under the FedState e-file program, a taxpayer, using an IRS-approved practitioner, may file both a federal and state return in a single transaction. The returns are sent to the IRS which, in turn, routes the return to the state. Every state with an individual income tax participates in the FedState program except Illinois, Maine, Massachusetts, Minnesota, and New York which receive all or most of their electronic returns directly from the practitioners instead of through the IRS.

² Throughout the analysis, the District of Columbia is considered as a state since its e-file programs are identical to those in the states.

In the analysis, electronic returns are categorized in several ways:

- ELF returns – Electronic returns filed by practitioners either with the IRS and then to the state or directly with the state in those states that also have a direct practitioner-filing program in addition to the FedState program. (See footnote 1);
- Telefile returns – Returns where the individual taxpayer enters his/her return information using a touch tone telephone. It includes returns filed through both the Joint FedState Telefile program in which Georgia, Kentucky, Indiana, Maryland, Missouri, Oklahoma and West Virginia participate and returns filed via independent Telefile programs in 15 states. Twenty states do not have a Telefile program.
- Online returns – Returns filed by individual taxpayers using personal computers and commercial software that are routed through IRS-approved Electronic Return Originators (EROs). As with ELF returns, these returns flow to the states through IRS except in those states with direct practitioner-filing programs in which case the online returns are filed directly with the state.
- Direct I-file returns – Returns where individual taxpayers file their state returns directly with the state through a state-developed Web site. Twenty-four states operated such sites in 2004.

State Electronic Returns Relative to Federal Electronic Returns

Total Returns. It is instructive to look at the relationship between the volume of state electronic returns and federal electronic returns filed from that state because of the degree to which state e-file programs are piggy-backed on the federal program. While states can generate state electronic filings (via Telefile and Direct I-file) that don't have a federal counterpart return, returns filed jointly through a practitioner or commercial software are the largest component of e-filed returns. Thus, the size of the federal e-file market has a large influence on the size of the state e-file market, and the ratio of state to federal e-filings is an indicator of the degree of 'market penetration' states have achieved.³

The basic data on the number of federal and state returns filed through the various components of the e-file program (ELF, Telefile, Online and Direct I-file) is shown in Table I. In 2004, state e-file returns of all types amounted to approximately 44.4 million returns, or 90 percent, of the 49.4 million electronically filed federal individual income tax returns in the 41 states and D.C. with a state income tax.⁴ In 2003, by comparison, state returns totaled 36 million and comprised 86 percent of the total federal e-file count.

Both state and federal electronic filing has grown rapidly in recent years, and the growth in state filing has generally outstripped federal growth over this period. In 2000, electronic returns totaled about 17 million at the state level, 72 percent of the federal electronic return volume in

³ In 2004, practitioners could for the first time file a "state only" return through the FedState program. The program is used primarily to re-submit returns on which an error was discovered in the first submission. In 2004, 1.5 million "state-only" returns were filed.

⁴ A total of 61.5 million federal returns were filed electronically in all states in 2004.

that year. Since 2000, state electronic filing has grown at an annual compound rate exceeding 27 percent, and federal e-filing has grown roughly 20 percent annually.⁵

Types of Returns. Looking at the ratio of state to federal returns for the various types of electronic filing yields the following observations:

- The ratio of state ELF or practitioner-filed returns to federal ELF returns is generally higher than for other types of e-filed returns. In 2004, state ELF returns equalled 94 percent of federal ELF filings. The practitioner system is the most mature form of e-filing which is one reason for the high ratio of state to federal returns. Taxpayers are likely to have both their state and federal return prepared professionally and thus file both returns electronically if they choose to file electronically at all.
- The ratio of state Online returns to federal Online returns is generally lower than for other types of e-file returns, with state returns coming in at 67 percent of federal returns in 2004.⁶ There are likely two reasons for this.
 - Online filing is the newest (but fastest growing)⁷ form of electronic filing.
 - Returns filed through the IRS-sponsored Free File Alliance⁸ are accounted for in this category. Members of the Free File Alliance are not required to provide free state return filing (although some do). Moreover, all members of the Alliance have determined that they will not provide free state e-filing services to taxpayers in states that operate a Direct I-file program. In 2004, there were a reported 3.5 million returns filed through the Free File Alliance which amounts to about one-quarter of all federal Online returns. The determination by the Alliance not to provide services in states with Direct I-file programs almost certainly affects the number of state Online returns filed. (See also discussion below.)
- If Direct I-file returns are added to the Online volume (treating I-file as a substitute for Online and an option for those federal Free File participants that cannot use that service at the state level), the state total jumps to 76 percent of federal Online returns, more comparable to the other forms of e-filing.

⁵ FTA calculations based on IRS and state data. Both state and federal e-filing received a considerable boost from the implementation of mandated electronic filing for certain practitioners in 2004 in California, Michigan, Minnesota and Wisconsin. California alone saw an increase of 3.3 million state electronic returns (87 percent) in 2004, and e-filed returns in Michigan increased by 900,000 returns or 57 percent. State e-filing increased by 25 percent in 2004 when all states are considered, but by only 14 percent when the four mandate states are deleted. Federal e-filing increased by 16 percent overall, but by about 11 percent if the four mandate states are deleted from the calculation.

⁶ The lack of certain state data prevents an accurate comparison of online returns to 2003 levels.

⁷ Federal Online returns increased by about 22 percent from 2003 to 2004, compared to 16 percent for e-filing of all types.

⁸ The Free File Alliance is a consortium of private sector software and tax preparation firms that have agreed to provide free Web-based electronic filing to certain population segments (generally lower income taxpayers.) IRS provides certain marketing service to promote the Alliance and has committed not to develop its own Web-based filing service to encourage participation in the Free File Alliance.

- State Telefile returns in relation to federal Telefile returns show greater variability among the states, possibly reflecting that some state Telefile programs predated by several years the federal program. Several states (e.g., Kansas, Massachusetts, Ohio and Pennsylvania) substantially exceed the federal volume, while in others the proportion is substantially lower. In the 22 states with a state Telefile program, both the IRS and the states received a total of 2.2 million Telefile returns. Since 2001, the volume of state Telefile returns has declined from about 3.2 million to 2.2 million (31 percent), while the volume of federal Telefile returns has declined by 15 percent. In 2004, four states terminated their Telefile programs.

Charts I and II explore the relationship between federal and state e-filing on a state-by-state basis.⁹ Chart I displays total state e-filed returns of all types as a percentage of total federal e-filings on a state-by-state basis. As shown, the state proportion ranges from over 100 percent in Kansas, Massachusetts and Ohio (each of which has high Telefile volumes) to about 63 and 67 percent in Hawaii and Rhode Island, respectively. The U.S. average is 90 percent, and all but 10 states (down from 14 in 2003) are at 80 percent or better; the state proportion exceeds 90 percent in 17 states (up from 15 in 2003). In 2000, state e-file returns as a proportion of federal returns were only slightly over 70 percent.

Because not all states have a Telefile program (and it is in some cases seen as a secondary, declining form of electronic filing), it is relevant to look at the relationship of federal to state e-filing without including Telefile returns. (See Chart II.) Viewed in this way, state electronic returns as a proportion of federal returns range from 95 percent or more in California, Colorado, Delaware, Indiana, Kansas, Michigan, Minnesota, Nebraska, New Mexico and South Carolina to less than 75 percent in Connecticut, Hawaii, Missouri and Rhode Island. The U.S. average on this measure is 91 percent. The ratio is 90 percent or more in 18 states.

Online and I-file Returns. The Online return category deserves a little closer look since it is the fastest growing category of returns and the area where state totals lag the federal totals by the largest margin.

Chart III presents information on state Online returns (only) received as a proportion of the Online returns filed federally from that state. As shown, only three states (Minnesota, Massachusetts and Georgia) receive state Online returns equal to or greater than 80 percent of the federal Online returns filed from that state, and the U.S. average is 67 percent. Twelve states have a ratio below 60 percent. Notably, all but one of these states maintains a Direct I-file program, meaning that they do not benefit from receiving state returns from the Free File Alliance. (See Table I for those states with a Direct I-file program.)

⁹ Comparisons among states are not intended to suggest that some programs are more successful or effective than others. There are a number of reasons why the relationship of state to federal returns may vary among the states that need to be kept in mind as the data are viewed. These include the nature of the taxpayer population, the complexity of the state return, the number of taxpayers filing multiple state returns, the maturity of the state e-file program, the number of e-file options offered, the practitioner community in the state and the effectiveness of e-file marketing in the state.

When Direct I-file returns are included with the Online returns, however, the picture changes rather dramatically as shown in Chart IV. The U.S. average proportion increases to 81.6 percent of the federal volume. In three states with Direct I-file programs (Delaware, New Mexico and Maryland) the total of state Online returns and Direct I-file returns exceeds the federal volume of Online returns. Of the 15 states where the state proportion exceeds the national average, only one (Minnesota) does not have a Direct I-file program. Three states with relatively small Direct I-file programs at this time (Arkansas, West Virginia and Hawaii) have a ratio of less than 60 percent.¹⁰

This analysis would seem to suggest that participation in state Direct I-file programs is more than offsetting the Free File Alliance determination to not provide free filing services – at least to this point – in most states with a Direct I-file program. This does not hold true in some of the newer, smaller Direct I-file programs.

State Electronic Returns as a Proportion of All Returns

Table II presents the basic data provided by states on their total income tax filings broken down by paper returns, electronic returns (ELF, Online and Direct I-file combined) and Telefile. This data is examined on a state-by-state basis in Charts V and VI.

As shown in Chart V, electronic returns (of all types including Telefile) made up 42 percent of total individual income tax filings in all states.¹¹ The proportion ranges from a high of 60 percent in Iowa to a low of 19 percent in Rhode Island. One-half of all returns or more were received electronically in Minnesota, California, Georgia, Michigan, Arkansas, South Carolina and Iowa. The ratio exceeds 40 percent in 22 states (a jump from 10 states in 2003), showing the rapid growth in electronic filing at the state level.

Chart VI presents a state-by-state breakdown of electronic returns (not including Telefile) as a percent of total returns. Here, the U.S. average is 40 percent. Iowa leads the way with 58 percent of all returns received electronically, followed closely by Minnesota at 55 percent and California, Michigan and South Carolina hovering at the 50 percent mark.

The proportion of income tax returns being received electronically (including Telefile) has increased steadily over the years. In 2003, states received 34 percent of their individual income tax returns electronically. In 2000, the ratio was only 19 percent.

Bar Code Returns

In 2004, 20 states had a program that called for certain computer-produced returns that are filed on paper to also include a 2-dimensional bar code capable of being read quickly and accurately by either hand-held or high speed scanners. While not as efficient from a processing standpoint as electronic returns, bar code returns substantially reduce the resources required for income tax return data capture for states.

¹⁰ Connecticut also has a Direct I-file program, but data were not available on the number of returns received through that program as of October 15, so it is excluded from this count.

¹¹ The data in this section is for all income tax states except Connecticut, Mississippi and Montana.

The volume of bar code returns by state is also presented in Table II. Chart VII examines the proportion of all paper income tax returns that are received with a bar code as a measure of state success in reducing the work associated with paper returns. About 25 percent of all paper returns contained a bar code in those states with a bar code program. This level ranged from 73 percent in Massachusetts¹² to less than 10 percent in Colorado, Louisiana and New Jersey.

Again, a number of factors affect the degree to which paper returns contain bar codes, including the number of years the state has used the program, the nature of the practitioner community, legal requirements, and the overall taxpayer population. In addition, not all paper returns are candidates for carrying a bar code. Only those that are produced with computer software and then only if the software provider has included the bar code printing as part of the program.

Finally, Chart VIII presents a state-by-state breakdown of the proportion of all individual income tax returns that are received electronically (including Telefile) or with a bar code – i.e., in one of the three available ‘easy’ data capture methods. The chart shows that 50 percent of all income tax returns are received through one of these three modes. Massachusetts leads the way on this measure with 83 percent of its returns arriving electronically or with a bar code. Nine states each receive 60 percent or more of their returns through these vehicles. Arkansas, California, Iowa, Minnesota and South Carolina rate above 50 percent on this measure without even having a bar code program.

Direct Deposit Refunds

States have also begun converting their income tax refund payment systems to electronic means through direct deposit. Electronic refund payments save the time and expense of printing, stuffing and mailing refunds as well as putting funds in the hands of taxpayers more quickly. Twenty-five states reported data on direct deposit payments; this data is displayed in Chart IX. Wisconsin leads the reporting states with 55 percent of all refund payments being made electronically; six other states report nearly 40 percent or more electronic refunds. The average for all reporting states is 31.9 percent.

Conclusion

States have made substantial strides in recent years in shifting individual income tax filings away from paper and to electronic or other means that enable them to process the returns more quickly, efficiently and accurately. In 2004, virtually every state reached a point where state electronic filing was at least 75 percent of the level of federal electronic filing within their borders. In three states, the state electronic filing volume exceeded that of the federal government.

In addition, seven states receive at least one-half of their individual income tax returns electronically. Moreover, the growing use of bar codes on income tax returns enables a dozen states to receive nearly 60 percent or more of their returns in some form that eases the data capture process.

¹² For the 2004 filing year, Massachusetts required that any computer-generated return to be filed electronically or with a 2-D bar code.

**Table I: Federal and State Electronic Individual Income Tax Returns
Returns Filed Through October 15, 2004 Extension**

State	Returns	Federal ELF	Federal Telefile	Federal Online	State Returns	State ELF	State Telefile	Online	I-File	State as Percent of Federal					
										Total	ELF	Telefile	Online	ex. Tele	w/I-file
Alabama	1,005,217	770,171	38,142	196,904	751,304	629,525	-	121,779	-	74.7%	81.7%	0.0%	61.8%	77.7%	61.8%
Arkansas	629,459	490,312	29,768	109,379	536,767	455,758	20,165	59,510	1,334	85.3%	93.0%	67.7%	54.4%	86.1%	55.6%
Arizona	1,053,957	716,624	37,897	299,436	847,107	625,797	-	221,310	-	80.4%	87.3%	0.0%	73.9%	83.4%	73.9%
California	7,557,913	6,014,893	264,584	1,278,436	7,168,397	6,090,872	74,359	893,625	109,541	94.8%	101.3%	28.1%	69.9%	97.3%	78.5%
Colorado	875,341	544,393	46,909	284,039	823,545	523,674	30,566	189,256	80,049	94.1%	96.2%	65.2%	66.6%	95.7%	94.8%
Connecticut	634,550	416,913	58,875	158,762	430,223	342,713	-	87,510	-	67.8%	82.2%	0.0%	55.1%	74.7%	55.1%
D.C.	111,507	75,316	3,518	32,673	92,138	64,095	-	19,886	8,157	82.6%	85.1%	0.0%	60.9%	85.3%	85.8%
Delaware	178,226	117,052	11,328	49,846	170,647	107,499	-	24,548	38,600	95.7%	91.8%	0.0%	49.2%	102.2%	126.7%
Georgia	2,021,011	1,434,003	92,809	494,199	1,869,623	1,394,092	72,508	403,023	-	92.5%	97.2%	78.1%	81.6%	93.2%	81.6%
Hawaii	219,908	152,977	12,944	53,987	139,395	109,084	-	28,311	2,000	63.4%	71.3%	0.0%	52.4%	67.4%	56.1%
Iowa	845,547	658,282	37,530	149,735	810,211	655,744	20,142	111,510	22,815	95.8%	99.6%	53.7%	74.5%	97.8%	89.7%
Idaho	304,350	207,996	14,097	82,257	260,092	194,412	-	65,680	-	85.5%	93.5%	0.0%	79.8%	89.6%	79.8%
Illinois	2,562,832	1,759,029	185,567	618,236	2,165,733	1,531,122	116,327	316,814	201,470	84.5%	87.0%	62.7%	51.2%	86.2%	83.8%
Indiana	1,423,579	964,140	99,877	359,562	1,217,389	876,010	64,927	215,233	61,219	85.5%	90.9%	65.0%	59.9%	87.1%	76.9%
Kansas	612,602	433,126	36,524	142,952	618,871	448,234	44,408	91,813	34,416	101.0%	103.5%	121.6%	64.2%	99.7%	88.3%
Kentucky	919,959	694,236	60,766	164,957	791,259	626,358	45,355	119,546	-	86.0%	90.2%	74.6%	72.5%	86.8%	72.5%
Louisiana	926,454	677,250	42,195	207,009	706,317	548,989	-	91,184	66,144	76.2%	81.1%	0.0%	44.0%	79.9%	76.0%
Mass.	1,202,455	737,077	141,770	323,608	1,207,479	676,949	268,772	261,758	-	100.4%	91.8%	189.6%	80.9%	88.5%	80.9%
Maryland	1,058,899	678,936	64,498	315,465	969,739	618,156	31,694	222,934	96,955	91.6%	91.0%	49.1%	70.7%	94.3%	101.4%
Maine	240,026	144,758	28,172	67,096	212,511	143,392	22,530	38,057	8,532	88.5%	99.1%	80.0%	56.7%	89.7%	69.4%
Michigan	2,727,990	2,007,107	142,319	578,564	2,498,091	2,061,320	-	436,771	-	91.6%	102.7%	0.0%	75.5%	96.6%	75.5%
Minnesota	1,526,654	1,111,121	101,930	313,603	1,489,292	1,117,550	89,093	282,649	-	97.6%	100.6%	87.4%	90.1%	98.3%	90.1%
Missouri	1,321,566	955,428	89,647	276,491	1,214,431	940,083	57,652	205,477	11,219	91.9%	98.4%	64.3%	74.3%	93.9%	78.4%
Mississippi	653,798	518,830	24,289	110,679	466,120	390,356	-	75,764	-	71.3%	75.2%	0.0%	68.5%	74.0%	68.5%
Montana	221,025	162,551	16,226	42,248	168,063	140,791	-	27,272	-	76.0%	86.6%	0.0%	64.6%	82.1%	64.6%
N. Carolina	1,792,588	1,269,034	74,525	449,029	1,566,046	1,214,787	-	351,259	-	87.4%	95.7%	0.0%	78.2%	91.2%	78.2%
N. Dakota	160,953	116,728	11,634	32,591	129,491	108,802	-	20,689	-	80.5%	93.2%	0.0%	63.5%	86.7%	63.5%
Nebraska	419,034	283,529	37,176	98,329	404,130	284,641	38,204	72,549	8,736	96.4%	100.4%	102.8%	73.8%	95.8%	82.7%
New Jersey	1,352,050	960,950	88,285	302,815	1,179,715	840,951	98,146	183,107	57,511	87.3%	87.5%	111.2%	60.5%	85.6%	79.5%
New Mexico	399,459	272,313	18,090	109,056	394,464	254,723	-	58,582	81,159	98.7%	93.5%	0.0%	53.7%	103.4%	128.1%
New York	2,866,431	2,163,488	140,256	562,687	2,567,712	2,119,149	-	448,563	-	89.6%	98.0%	0.0%	79.7%	94.2%	79.7%
Ohio	2,480,189	1,597,211	242,360	640,618	2,487,133	1,481,475	435,888	356,156	213,614	100.3%	92.8%	179.9%	55.6%	91.7%	88.9%
Oklahoma	740,829	504,556	39,811	196,462	617,670	438,921	28,004	150,745	-	83.4%	87.0%	70.3%	76.7%	84.1%	76.7%
Oregon	712,258	470,107	40,286	201,865	554,696	408,937	-	145,759	-	77.9%	87.0%	0.0%	72.2%	82.5%	72.2%
Penn.	2,361,848	1,473,236	261,210	627,402	2,246,372	1,220,353	497,178	279,182	249,659	95.1%	82.8%	190.3%	44.5%	83.3%	84.3%
Rhode Island	192,269	135,163	16,881	40,225	128,763	105,350	-	23,413	-	67.0%	77.9%	0.0%	58.2%	73.4%	58.2%
S. Carolina	1,055,695	819,314	40,927	195,454	975,962	826,406	-	149,556	-	92.4%	100.9%	0.0%	76.5%	96.2%	76.5%
Utah	469,556	288,952	29,265	151,339	405,542	263,700	-	111,135	30,707	86.4%	91.3%	0.0%	73.4%	92.1%	93.7%
Virginia	1,562,002	947,629	109,164	505,209	1,320,043	790,871	55,972	316,849	156,351	84.5%	83.5%	51.3%	62.7%	87.0%	93.7%
Vermont	115,759	71,538	13,117	31,104	87,814	69,078	-	18,736	-	75.9%	96.6%	0.0%	60.2%	85.6%	60.2%
Wisconsin	1,538,608	1,087,132	112,758	338,718	1,441,808	1,039,034	79,561	242,099	81,114	93.7%	95.6%	70.6%	71.5%	95.5%	95.4%
W. Virginia	344,838	226,686	40,403	77,749	258,425	194,669	25,094	38,238	424	74.9%	85.9%	62.1%	49.2%	76.6%	49.7%
U.S. Total	49,399,191	35,130,087	2,998,329	11,270,775	44,390,530	32,974,422	2,216,545	7,577,837	1,621,726	89.9%	93.9%	73.9%	67.2%	90.9%	81.6%

Source: FTA compilation based on IRS data and state data provided to FTA.

Chart I: Total State Electronic Returns as Proportion of Total Federal Electronic Returns (2004)

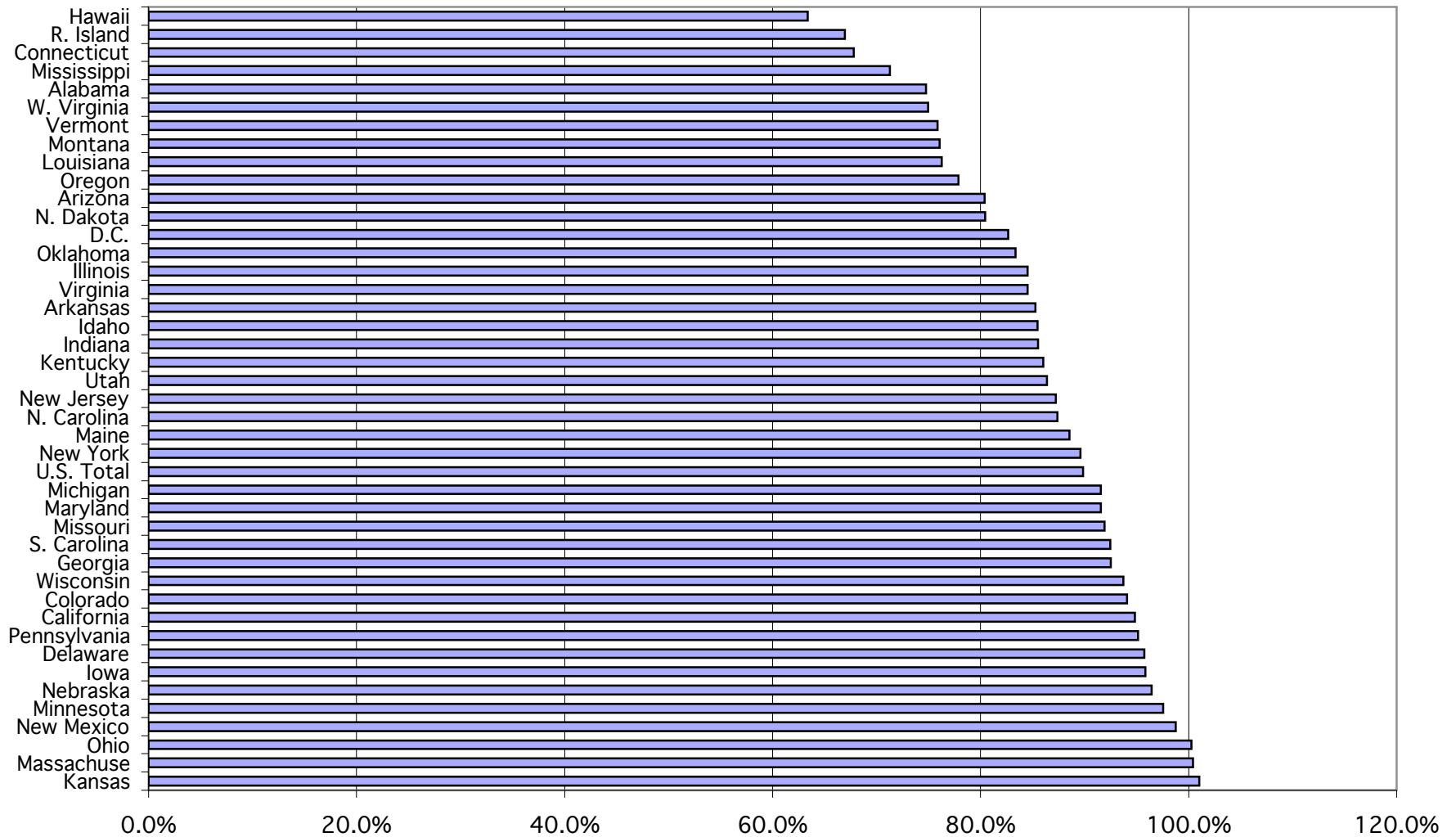


Chart II: Total State Electronic Returns (without Telefile) as a Proportion of Federal Returns (without Telefile) (2004)

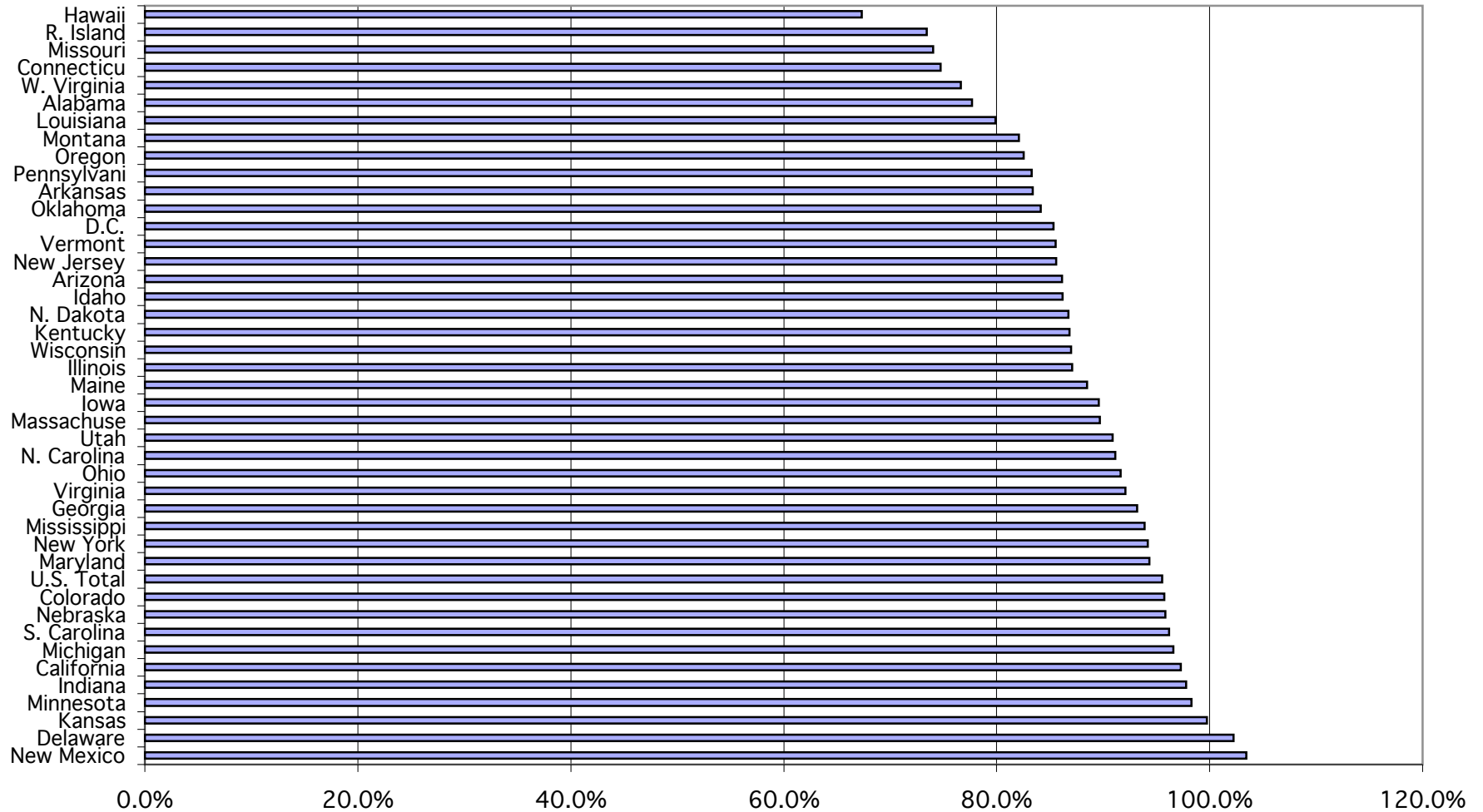


Chart III: State Online Returns as a Proportion of Federal Online Returns (2004)

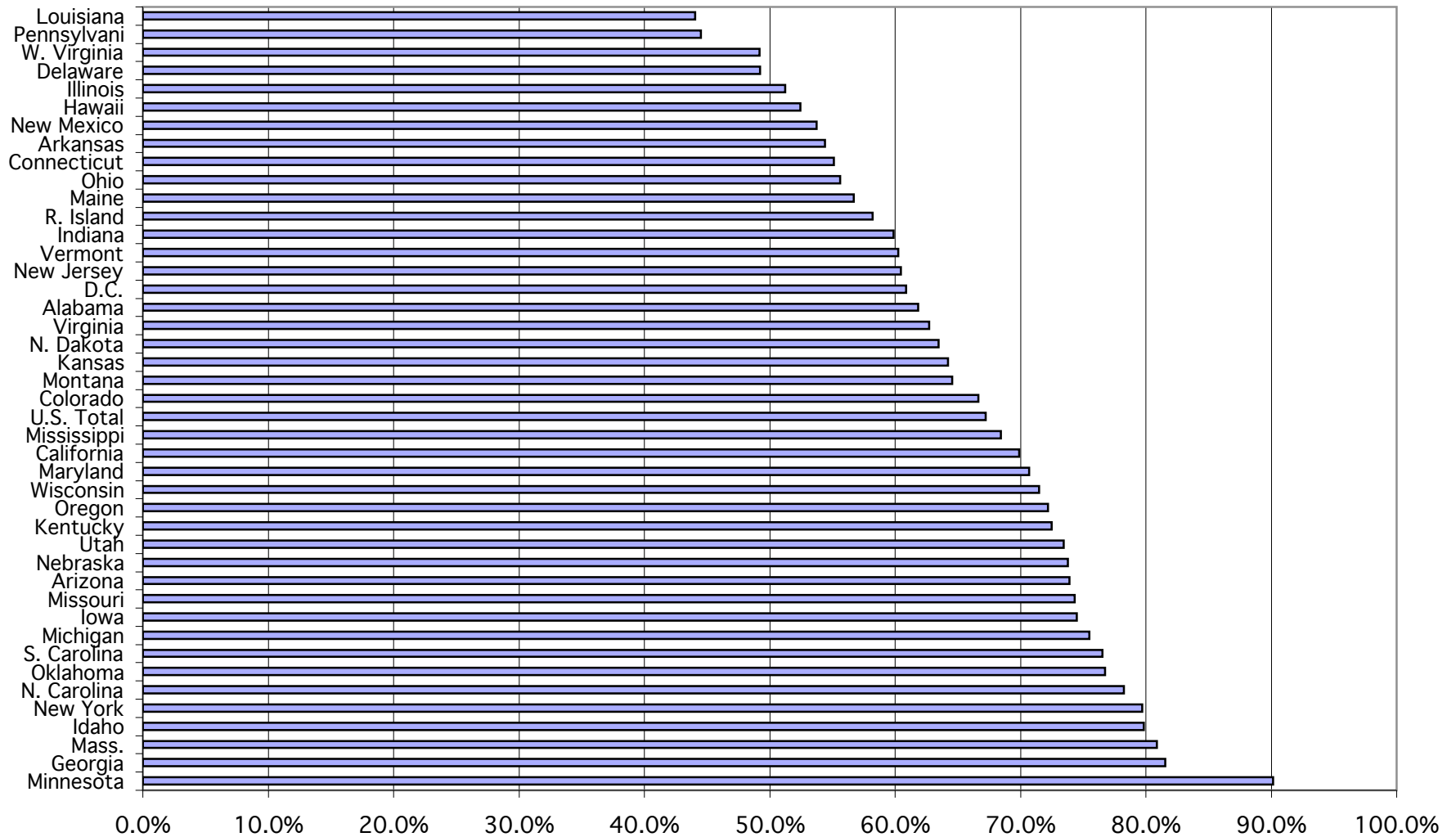
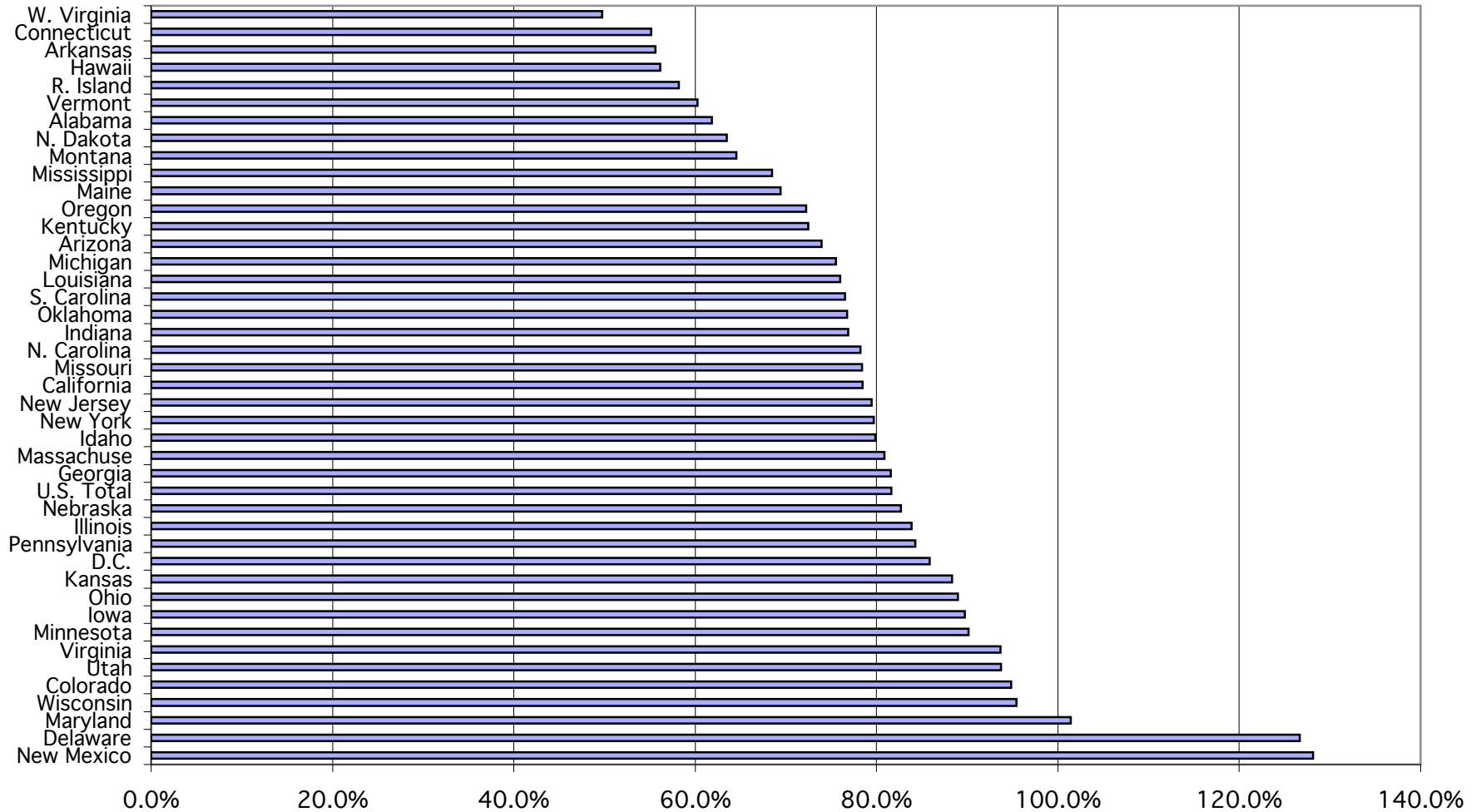


Chart IV: State Online and Direct I-file Returns as a Proportion of Federal Online Returns (2004)



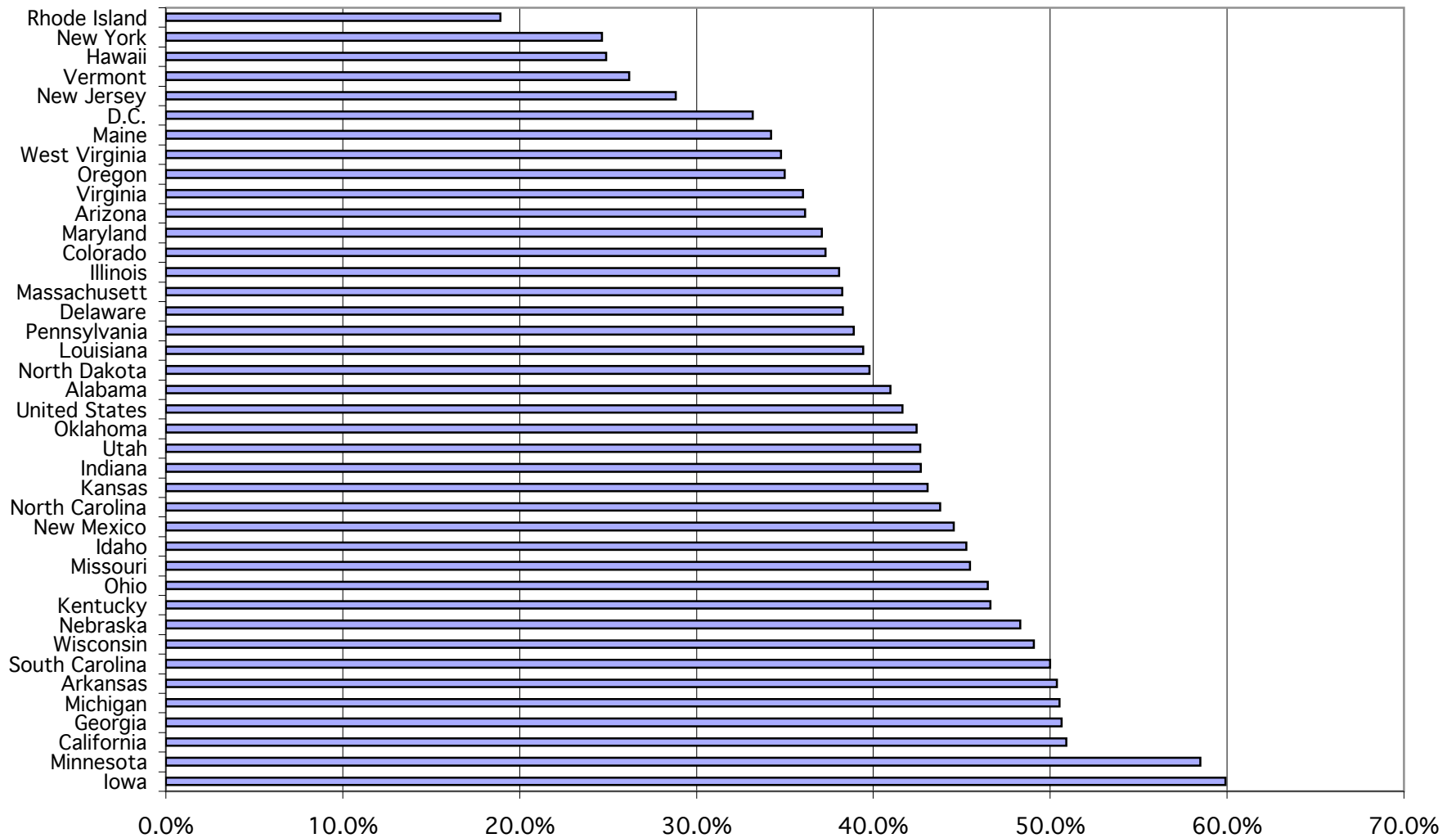
**Table II: State Individual Income Tax Filings by Type
Through the October 15, 2004 Extension**

	Paper	Electronic	Telefile	Bar Code*	Total	Electronic as % Total	El. and Tele. as % of Total	Bar Code as % Paper	El., Tel. & BC as % Total
Alabama	1,082,799	751,304	-	379,529	1,834,103	41%	41%	35%	62%
Arizona	1,496,375	847,107	-	368,271	2,343,482	36%	36%	25%	52%
Arkansas	528,748	516,602	20,165	-	1,065,515	48%	50%	0%	50%
California	6,909,347	7,094,038	74,359	-	14,077,744	50%	51%	0%	51%
Colorado	1,385,575	792,979	30,566	119,378	2,209,120	36%	37%	9%	43%
Delaware	275,334	170,647	-	103,569	445,981	38%	38%	38%	61%
D.C.	185,435	92,138	-	-	277,573	33%	33%	0%	33%
Georgia	1,823,234	1,797,115	72,508	622,715	3,692,857	49%	51%	34%	67%
Hawaii	420,729	139,395	-	-	560,124	25%	25%	0%	25%
Idaho	314,578	260,092	-	-	574,670	45%	45%	0%	45%
Illinois	3,526,087	2,049,406	116,326	1,223,427	5,691,819	36%	38%	35%	60%
Indiana	1,635,223	1,152,462	64,924	574,223	2,852,609	40%	43%	35%	63%
Iowa	542,380	790,069	20,142	-	1,352,591	58%	60%	0%	60%
Kansas	818,575	574,463	44,408	-	1,437,446	40%	43%	0%	43%
Kentucky	906,353	745,904	45,355	251,346	1,697,612	44%	47%	28%	61%
Louisiana	1,084,632	706,317	-	59,151	1,790,949	39%	39%	5%	43%
Maine	408,584	189,891	22,530	-	621,005	31%	34%	0%	34%
Maryland	1,645,058	938,045	31,694	208,629	2,614,797	36%	37%	13%	45%
Massachusetts	1,949,837	938,707	268,772	1,417,485	3,157,316	30%	38%	73%	83%
Michigan	2,445,267	2,498,091	-	679,126	4,943,358	51%	51%	28%	64%
Minnesota	1,056,540	1,400,199	89,093	-	2,545,832	55%	58%	0%	58%
Missouri	1,457,521	1,156,779	57,647	240,064	2,671,947	43%	45%	16%	54%
Nebraska	432,537	365,926	38,204	-	836,667	44%	48%	0%	48%
New Jersey	2,910,850	1,081,569	98,146	253,467	4,090,565	26%	29%	9%	35%
New Mexico	491,290	394,464	-	81,029	885,754	45%	45%	16%	54%
New York	7,844,859	2,567,712	-	1,449,894	10,412,571	25%	25%	18%	39%
North Carolina	2,012,259	1,566,046	-	-	3,578,305	44%	44%	0%	44%
North Dakota	196,102	129,491	-	59,237	325,593	40%	40%	30%	58%
Ohio	2,865,052	2,051,245	435,888	-	5,352,185	38%	46%	0%	46%
Oklahoma	837,127	589,666	27,906	-	1,454,699	41%	42%	0%	42%
Oregon	1,031,489	554,696	-	254,972	1,586,185	35%	35%	25%	51%
Pennsylvania	3,531,536	1,749,194	497,178	-	5,777,908	30%	39%	0%	39%
Rhode Island	552,425	128,763	-	109,629	681,188	19%	19%	20%	35%
South Carolina	976,024	975,962	-	-	1,951,986	50%	50%	0%	50%
Utah	545,036	405,542	-	104,736	950,578	43%	43%	19%	54%
Vermont	247,242	87,814	-	-	335,056	26%	26%	0%	26%
Virginia	2,344,353	1,264,071	55,972	640,750	3,664,396	34%	36%	27%	54%
West Virginia	483,600	233,331	24,682	-	741,613	31%	35%	0%	35%
Wisconsin	1,496,738	1,362,247	79,561	-	2,938,546	46%	49%	0%	49%
United States	60,696,730	41,109,489	2,216,026	9,200,627	104,022,245	40%	42%	15%	50%

* Bar Code totals included in Paper Totals. Count not duplicated.

Source: FTA Compilation based on state-provided data.

Chart V: State Electronic and Telefile Returns as Proportion of All State Returns (2004)



**Chart VI: State Electronic Returns (excluding Telefile)
as a Proportion of All State Returns (2004)**

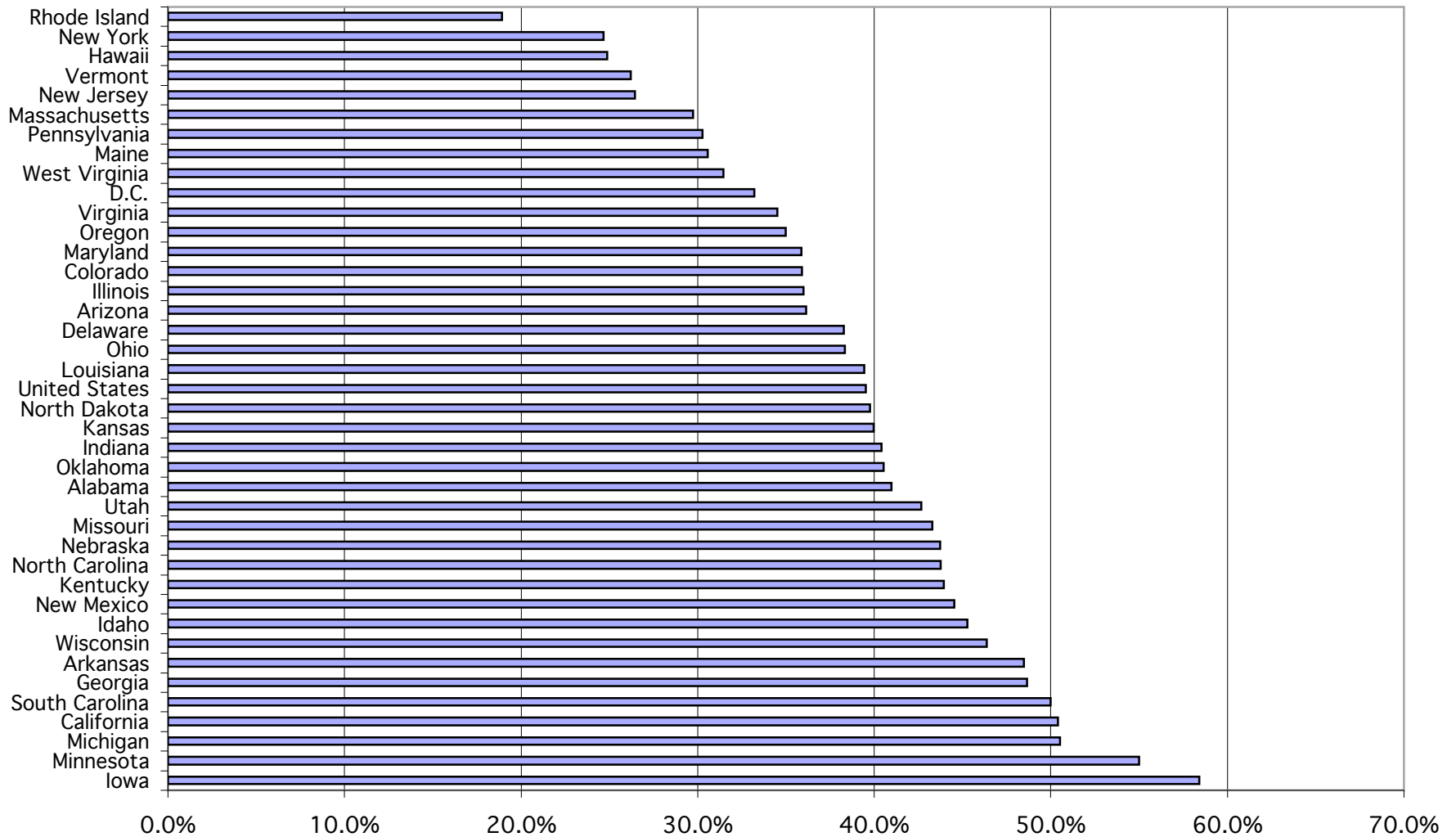


Chart VII: Bar Code Returns as Proportion of All Paper Returns (2004)

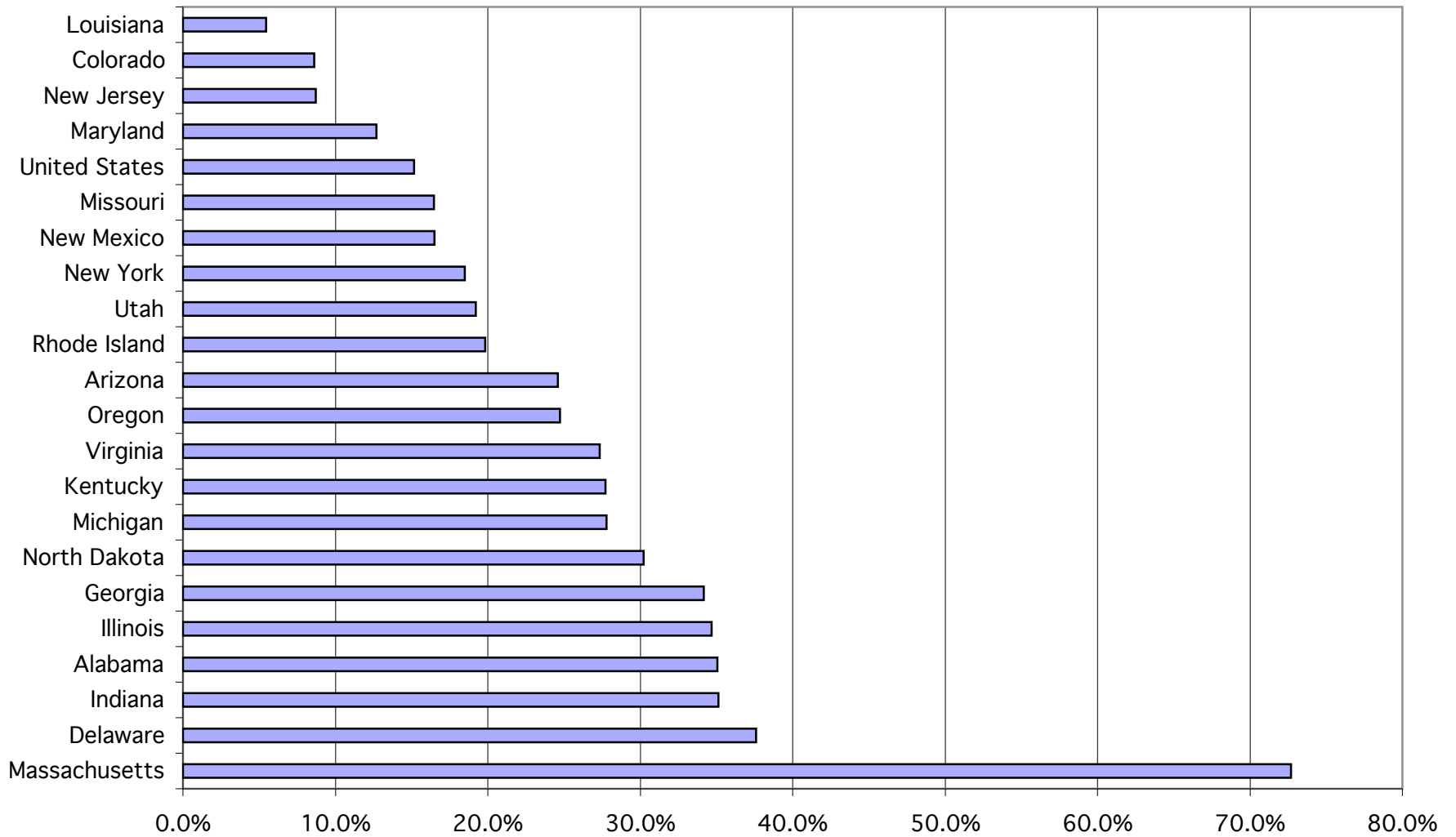


Chart VIII: State Electronic, Telefile and Bar Code Returns as Proportion of All State Returns (2004)

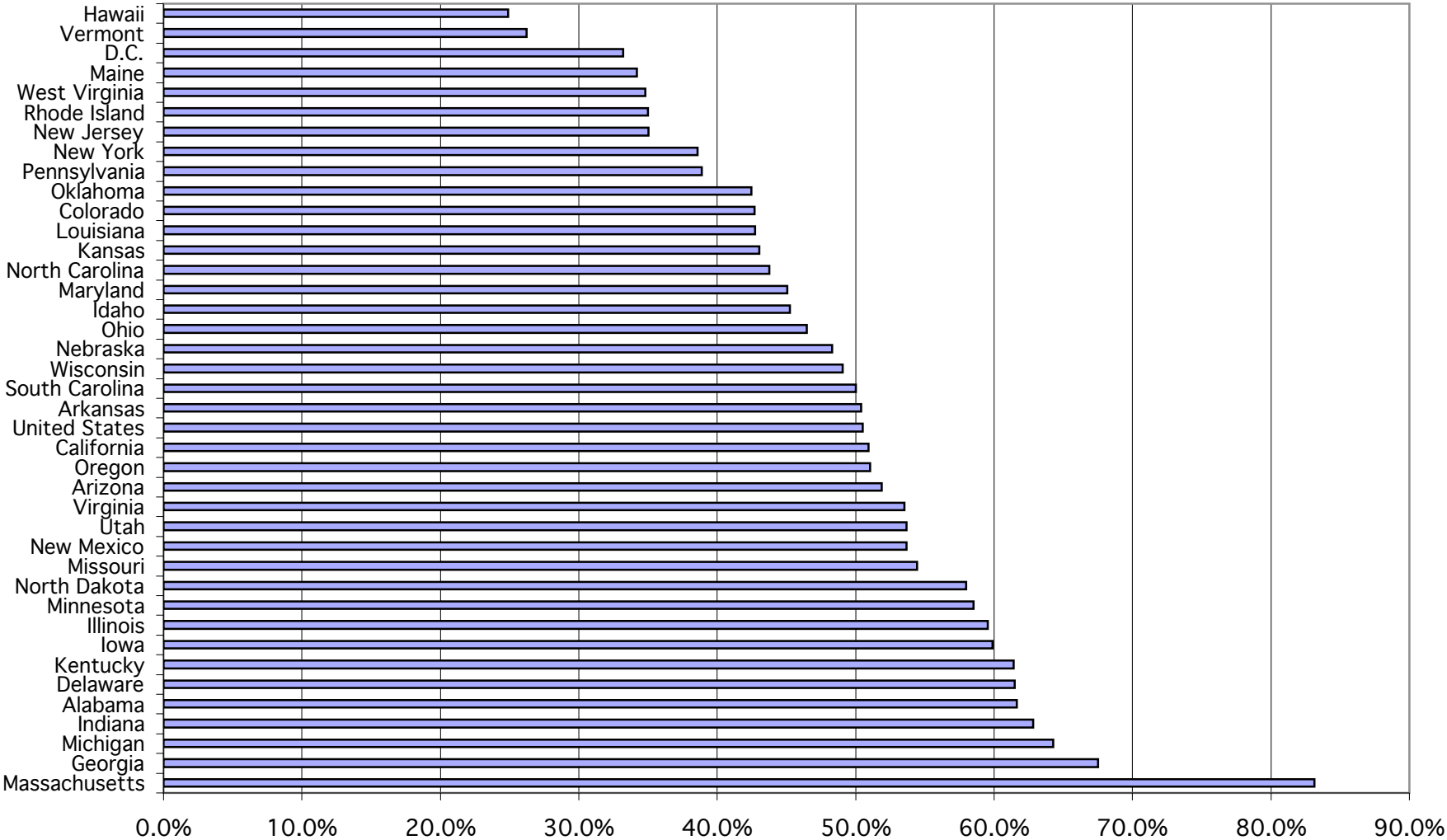


Chart IX: Proportion of State Income Tax Returns Paid via Direct Deposit (2004)

