



February 9, 2011

AN OPEN LETTER TO GOVERNOR MCDONNELL AND THE VIRGINIA LEGISLATURE
IN SUPPORT OF THE CREATION OF VIRGINIA FREE FILE

During the 2010 legislative session, the legislature passed and Governor McDonnell signed House Bill 1349. This bill established Virginia Free File, a privatization of online tax preparation and filing in Virginia. This program was made available through the donation of services by six software companies and is modeled after the IRS Free File Program. The Virginia Free File program replaced the government run tax filing system previously in place.

Virginia Free File comes at no cost to the Commonwealth of Virginia and offers free tax preparation and filing software to a majority of Virginia taxpayers.

Some opposed the privatization of Virginia Free File from the beginning, preferring to advocate for keeping the old socialized system, i.e., a government-run system; but in the face of little opposition **Governor McDonnell and the legislature made the right decision in creating this program and giving Virginians private sector options for their tax filing needs.** House Bill 1349 was passed by the House 86-10 and the Senate 33-6.

Governor McDonnell and the Virginia legislature need to continue to pursue moving other government entities and programs to the private sector through privatization; doing so moves the financial burden off of the taxpayer, reduces the size of government, and encourages competition.

We the undersigned thank you for taking this action to establish Virginia Free File and urge you to look for more government programs and entities that can be moved to the private sector. We appreciate your willingness to move government out of online tax filing in Virginia.

Sincerely,

John Palatiello, President of Business Coalition for Fair Competition

Tom Schatz, President of Citizens Against Government Waste

Grover Nortquist, President of Americans for Tax Reform

Mario Lopez, President of the Hispanic Leadership Fund

Colin A. Hanna, President of Let Freedom Ring

Pete Sepp, Executive Vice President of the National Taxpayers Union

Michael W. Thompson, President of the Thomas Jefferson Institute for Public Policy