

SENATE BILL REPORT

SB 5282

As Passed Senate, March 11, 1995

Title: An act relating to confidentiality of certain information of the department of revenue.

Brief Description: Modifying department of revenue tax information disclosure regulations.

Sponsors: Senators Fraser and Newhouse; by request of Department of Revenue.

Brief History:

Committee Activity: Law & Justice: 2/14/95, 2/23/95 [DP].

Ways & Means: 3/2/95, 3/6/95 [DP].

Passed Senate, 3/11/95, 48-0.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass.

Signed by Senators Smith, Chair; C. Anderson, Vice Chair; Hargrove, Haugen, Johnson, Long, Roach and Schow.

Staff: Lidia Mori (786-7755)

Background: Current law does not allow the Department of Revenue to answer certain types of requests from the public. There is concern that clarification is needed to simplify what information may be disclosed to the public and what information requires confidentiality. In addition, some existing restrictions impede the department's ability to investigate and collect amounts that are owed under Washington tax laws.

Summary of Bill: The Department of Revenue or an officer, employee, agent, or representative may not disclose tax information regarding a taxpayer, if the director determines that the disclosure may identify a confidential informant.

The department does not have authority to give, sell, or provide access to any list of taxpayers for any commercial purpose. It may disclose tax information that is also maintained by another Washington State agency, local governmental agency or court of record as a public record.

The department may disclose taxpayer information that is obtained in connection with its duties relating to an audit, collection activity or civil or criminal investigation when the disclosure is necessary to obtain information, not otherwise reasonably available, which allows for a correct determination of tax or tax liability.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect July 1, 1995.

Testimony For: There is an Attorney General Opinion on the tax secrecy law that undermines enforcement and third party tax information laws. This bill will assist in the equal enforcement of our tax laws.

Testimony Against: None.

Testified: Senator Karen Fraser, prime sponsor; Ryan Spiller, Department of Revenue (pro).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Hochstatter, Johnson, Long, McDonald, Moyer, Pelz, Roach, Sheldon, Snyder, Spanel, Sutherland, West, Winsley and Wojahn.

Staff: Terry Wilson (786-7715)

Testimony For: This reinstates traditional methods of doing audits. This is DOR's most important bill on tax collections this year. It fixes a problem where dishonest taxpayers get a break.

Testimony Against: None.

Testified: Senator Fraser, prime sponsor (pro); Ryan Spiller, DOR (pro).

House Amendment(s): When the Department of Revenue obtains information from one taxpayer that may be useful in investigating another taxpayer, it may disclose the information to the second taxpayer. Such disclosure is subject to detailed restrictions on the information that can be disclosed and the circumstances under which it can be disclosed.