

# HOUSE BILL REPORT

## HB 1521

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### As Passed House

March 12, 1997

**Title:** An act relating to extending to local agencies the same authority now authorized for state agencies to protect taxpayer information under public records.

**Brief Description:** Extending to local agencies the same authority now authorized for state agencies to protect taxpayer information under public records.

**Sponsors:** By House Committee on Finance (originally sponsored by Representatives B. Thomas, Dickerson and Dunn).

### Brief History:

#### Committee Activity:

Finance: 2/11/97, 2/26/97 [DP].

#### Floor Activity:

Passed House: 3/12/97, 97-0.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 13 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Kastama; Morris; Pennington; Schoesler; Thompson and Van Luven.

**Staff:** Rick Peterson (786-7150).

**Background:** Generally, information held by a public agency is available for inspection and copying. There are a number of exemptions to the public records laws. Many of these exemptions relate to personal information and proprietary business information.

Cities and towns may impose business and utility taxes. These city taxes are collected at the local level and are not related to the administration of the state business and occupation or public utility taxes. About 40 cities have a general business tax. Around 200 cities have utility taxes on electricity, telephones, and cable TV. About 150 cities impose utility taxes on natural gas, garbage, sewer and water services.

Taxpayer information is exempt from inspection and copying if the taxpayer's privacy would be violated, or the taxpayer would be placed in a position of unfair competitive disadvantage.

The Department of Revenue collects the majority of state excise taxes. The department must keep tax returns and other information confidential, except in certain circumstances. The department may provide information in court actions, or to the Internal Revenue Service and certain governmental entities.

The Department of Revenue holds the following confidential: tax returns including amendments, supplements, supporting schedules, attachments or lists that are part of the return, and claims for refunds; tax information, including taxpayer's identity, income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax assessments or tax payments; whether a taxpayer will be audited; and other data received or developed by the department in the course of determining a person's tax liability.

**Summary of Bill:** In addition to the privacy and competitive disadvantage reasons for not disclosing taxpayer information, local taxing agencies may hold tax return and tax information confidential if it is comparable to taxpayer information kept confidential by the Department of Revenue.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Cities receive requests for financial information about businesses from their business competitors and people involved in lawsuits and bankruptcy proceedings. It is a time consuming task to determine whether the information can be disclosed. The courts do not want local agencies to decide what they can disclose, so the taxpayers must obtain an injunction to keep the city from disclosing the information.

**Testimony Against:** None.

**Testified:** Representative Brian Thomas, prime sponsor; Mel McDonald, city of Seattle; and Paula Johnston, city of Bremerton.