

SENATE BILL REPORT

SHB 3076

As Reported By Senate Committee On:
Ways & Means, February 26, 1998

Title: An act relating to sharing confidential tax information with the United States department of agriculture for the limited purpose of investigating food stamp fraud by retailers.

Brief Description: Authorizing sharing of tax information for purposes of investigating food stamp fraud.

Sponsors: House Committee on Finance (originally sponsored by Representatives H. Sommers, Cooke, Dickerson, Anderson, Gardner and Ogden).

Brief History:

Committee Activity: Ways & Means: 2/25/98, 2/26/98 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Fraser, Hochstatter, Kohl, Long, Loveland, Roach, Rossi, B. Sheldon, Snyder, Spanel, Swecker, Winsley and Zarelli.

Staff: Terry Wilson (786-7433)

Background: The Department of Revenue is prohibited from disclosing information about taxpayers except under some other narrowly-defined circumstances such as at the request of the taxpayer or as part of court proceedings.

For official purposes the department may share confidential taxpayer information with the Governor, the Attorney General, and state agencies and legislative committees that deal with matters of taxation, revenue, trade, and commerce. The department is also permitted to disclose tax information to the proper tax officers of counties, cities, towns, another state, the federal Internal Revenue Service, the Canadian government, or any Canadian province, if these tax officers agree to share tax information on a reciprocal basis with the department.

In addition to the federal Internal Revenue Service, the department is also allowed to disclose tax information to the following federal agencies for official purposes:

- Department of Justice;
- Bureau of Alcohol, Tobacco and Firearms;
- Department of Defense;
- Customs Service;
- Coast Guard; and
- Department of Transportation.

Summary of Bill: The Department of Revenue may disclose tax information to the U.S. Department of Agriculture for the limited purpose of investigating food stamp fraud by retailers.

A person who receives confidential taxpayer information through the U.S. Department of Agriculture and wrongfully discloses that information commits a misdemeanor offense. If the person is a state employee or officer, then the person also loses his or her office or employment.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The Department of Agriculture, Office of the Inspector General (DOA), investigates waste and abuse. Food stamps may only be used to purchase food by low-income persons. For fiscal year 1997 there was \$2-3 billion in food stamp fraud nationally. DOA spent 46 percent of its resources on investigating food stamp fraud and it resulted in 540 convictions and \$17 million in fines and penalties. Some retailers are illegally buying stamps for cash at less than face value. In depth financial analysis of retailers reveals the fraud. It also finds under-reporting of income for state taxes. This fraud subverts the purpose of the food stamp program which is to feed low-income families. This bill grants to DOA the same access to the state Department of Revenue as other federal agencies have.

Testimony Against: None.

Testified: Wayne North, U.S. Department of Agriculture, Office of Inspector General (pro).