

SENATE BILL REPORT

ESHB 1357

AS REPORTED BY COMMITTEE ON LAW & JUSTICE, APRIL 4, 1991

Brief Description: Relating to the public disclosure of tax information.

SPONSORS: House Committee on Revenue (originally sponsored by Representatives Fraser, Holland, Wang, Wynne, Winsley, Moyer, Paris and May; by request of Department of Revenue).

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass as amended.

Signed by Senators Nelson, Chairman; Thorsness, Vice Chairman; Erwin, L. Kreidler, Madsen, Newhouse, and Rasmussen.

Staff: Susan Carlson (786-7418)

Hearing Dates: April 1, 1991; April 4, 1991

BACKGROUND:

The Department of Revenue (DOR) collects the majority of general fund-state tax sources. Effective tax administration requires that taxpayers provide DOR information about their businesses. This information often includes confidential information about business practices, trades secrets, and finances. Taxpayers are more likely to provide complete and accurate information if they are assured it will be treated confidentially.

Under current law, DOR is prohibited from disclosing certain taxpayer information, but the statute is somewhat ambiguous as to the precise information prohibited from disclosure. In addition, DOR releases precedential determinations from which information identifying the taxpayer has been deleted as a source of administrative tax law. The statutes do not specifically provide for this practice.

SUMMARY:

DOR is provided specific guidelines on the type of taxpayer information to be released, and the circumstances under which the information may be released. Tax information may be disclosed in a judicial or administrative proceeding if both the taxpayer and a state agency are parties. Disclosure of information to the taxpayer or his representative is allowed upon written request, unless the director determines disclosure would compromise any investigation or litigation. The text of a precedential written determination may be

disclosed after deletion of identifying details of the person to whom the determination pertains. DOR may also release certain identifying information about a taxpayer that is not associated with a tax determination.

Appropriation: none

Revenue: none

Fiscal Note: available

SUMMARY OF PROPOSED SENATE AMENDMENT:

Several technical corrections are made and the bill is reorganized.

The authority of the Director of Revenue to withhold tax information from disclosure if it would compromise an investigation or litigation is limited to tax information not received from the taxpayer. Also, information cannot be withheld if a court orders release.

The department must disclose any written determination upon which it relies to support assessment of tax against the taxpayer without the necessity of a request by the taxpayer for release.

TESTIMONY FOR:

The bill provides guidance for the Department of Revenue on the release of taxpayer information.

TESTIMONY AGAINST: None

TESTIFIED: Representative Karen Fraser, original sponsor (pro);
Russ Brubaker, Department of Revenue (pro)