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SENATE BILL NO. 166

Offered January 14, 2004

Prefiled January 13, 2004

A BILL to amend and reenact § 58.1-3 of the Code of Virginia, relating to secrecy of tax information.

Patron—Colgan

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-3. Secrecy of information; penalties.

A. Except in accordance with a proper judicial order or as otherwise provided by law, the Tax Commissioner or agent, clerk, commissioner of the revenue, treasurer, or any other state or local tax or revenue officer or employee, or any person to whom tax information is divulged pursuant to § 58.1-2712.2, or any former officer or employee of any of the aforementioned offices shall not divulge any information acquired by him in the performance of his duties with respect to the transactions, property, including personal property, income or business of any person, firm or corporation. Such prohibition specifically includes any copy of a federal return or federal return information required by Virginia law to be attached to or included in the Virginia return. Any person violating the provisions of this section shall be guilty of a Class 2 misdemeanor. The provisions of this subsection shall not be applicable, however, to:

1. Matters required by law to be entered on any public assessment roll or book;
2. Acts performed or words spoken or published in the line of duty under the law;
3. Inquiries and investigations to obtain information as to the process of real estate assessments by a duly constituted committee of the General Assembly, or when such inquiry or investigation is relevant to its study, provided that any such information obtained shall be privileged;
4. The sales price, date of construction, physical dimensions or characteristics of real property, or any information required for building permits;
5. Copies of or information contained in an estate's probate tax return, filed with the clerk of court pursuant to § 58.1-1714, when requested by a beneficiary of the estate or an heir at law of the decedent.
6. (Effective July 1, 2004) Information regarding nonprofit entities exempt from sales and use tax under § 58.1-611, when requested by the General Assembly or any duly constituted committee of the General Assembly.

B. Nothing contained in this section shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof or the publication of delinquent lists showing the names of taxpayers who are currently delinquent, together with any relevant information which in the opinion of the Department may assist in the collection of such delinquent taxes. This section shall not be construed to prohibit a local tax official from disclosing whether a person, firm or corporation is licensed to do business in that locality and divulging, upon written request, the name and address of any person, firm or corporation transacting business under a fictitious name. Additionally, notwithstanding any other provision of law, the commissioner of revenue is authorized to provide, upon written request stating the reason for such request, the Tax Commissioner with information obtained from local tax returns and other information pertaining to the income, sales and property of any person, firm or corporation licensed to do business in that locality.

C. Notwithstanding the provisions of subsection A or B or any other provision of this title, the Tax Commissioner is authorized to: (i) divulge tax information to any commissioner of the revenue, director of finance or other similar collector of county, city or town taxes who, for the performance of his official duties, requests the same in writing setting forth the reasons for such request; (ii) provide to the Commissioner of the Department of Social Services, upon written request, information on the amount of income reported by persons on their state income tax returns who have applied for public assistance or social services benefits as defined in § 63.2-100; (iii) provide to the chief executive officer of the designated student loan guarantor for the Commonwealth of Virginia, upon written request, the names and home addresses of those persons identified by the designated guarantor as having delinquent loans guaranteed by the designated guarantor; (iv) provide current address information upon request to state agencies and institutions for their confidential use in facilitating the collection of accounts receivable, and to the clerk of a circuit or district court for their confidential use in facilitating the collection of fines, penalties and costs imposed in a proceeding in that court; (v) provide to the Commissioner of the Virginia Employment Commission, after entering into a written agreement, such tax information as may

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59 be necessary to facilitate the collection of unemployment taxes and overpaid benefits; (vi) provide to the
60 Alcoholic Beverage Control Board, upon entering into a written agreement, such tax information as may
61 be necessary to facilitate the collection of state and local taxes and the administration of the alcoholic
62 beverage control laws; (vii) provide to the Director of the State Lottery Department such tax information
63 as may be necessary to identify those lottery ticket retailers who owe delinquent taxes; (viii) provide to
64 the Department of the Treasury for its confidential use such tax information as may be necessary to
65 facilitate the location of owners *and holders* of unclaimed property, *as defined in § 55-210.2*; (ix)
66 provide to the State Corporation Commission, upon entering into a written agreement, such tax
67 information as may be necessary to facilitate the collection of taxes and fees administered by the
68 Commission; (x) provide to the Executive Director of the Potomac and Rappahannock Transportation
69 Commission for its confidential use such tax information as may be necessary to facilitate the collection
70 of the motor vehicle fuel sales tax; (xi) provide to the Director of the Department of Charitable Gaming
71 such tax information as may be necessary to identify those applicants for registration as a supplier of
72 charitable gaming supplies who have not filed required returns or who owe delinquent taxes; (xii)
73 provide to the Department of Housing and Community Development for its confidential use such tax
74 information as may be necessary to facilitate the administration of the Enterprise Zone Act (§ 59.1-270
75 et seq.); (xiii) provide current name and address information to private collectors entering into a written
76 agreement with the Tax Commissioner, for their confidential use when acting on behalf of the
77 Commonwealth or any of its political subdivisions; however, the Tax Commissioner is not authorized to
78 provide such information to a private collector who has used or disseminated in an unauthorized or
79 prohibited manner any such information previously provided to such collector; and (xiv) provide current
80 name and address information as to the identity of the wholesale or retail dealer that affixed a tax stamp
81 to a package of cigarettes to any person who manufactures or sells at retail or wholesale cigarettes and
82 who may bring an action for injunction or other equitable relief for violation of Chapter 10.1,
83 Enforcement of Illegal Sale or Distribution of Cigarettes Act. The Tax Commissioner is further
84 authorized to enter into written agreements with duly constituted tax officials of other states and of the
85 United States for the inspection of tax returns, the making of audits, and the exchange of information
86 relating to any tax administered by the Department of Taxation. Any person to whom tax information is
87 divulged pursuant to this section shall be subject to the prohibitions and penalties prescribed herein as
88 though he were a tax official.

89 D. Notwithstanding the provisions of subsection A or B or any other provision of this title, the
90 commissioner of revenue or other assessing official is authorized to (i) provide, upon written request
91 stating the reason for such request, the chief executive officer of any county or city with information
92 furnished to the commissioner of revenue by the Tax Commissioner relating to the name and address of
93 any dealer located within the county or city who paid sales and use tax, for the purpose of verifying the
94 local sales and use tax revenues payable to the county or city; (ii) provide to the Department of
95 Professional and Occupational Regulation for its confidential use the name, address, and amount of gross
96 receipts of any person, firm or entity subject to a criminal investigation of an unlawful practice of a
97 profession or occupation administered by the Department of Professional and Occupational Regulation,
98 only after the Department of Professional and Occupational Regulation exhausts all other means of
99 obtaining such information; and (iii) provide to any representative of a condominium unit owners'
100 association, property owners' association or real estate cooperative association, or to the owner of
101 property governed by any such association, the names and addresses of parties having a security interest
102 in real property governed by any such association; however, such information shall be released only
103 upon written request stating the reason for such request, which reason shall be limited to proposing or
104 opposing changes to the governing documents of the association, and any information received by any
105 person under this subsection shall be used only for the reason stated in the written request. The treasurer
106 or other local assessing official may require any person requesting information pursuant to clause (iii) of
107 this subsection to pay the reasonable cost of providing such information. Any person to whom tax
108 information is divulged pursuant to this subsection shall be subject to the prohibitions and penalties
109 prescribed herein as though he were a tax official.

110 Notwithstanding the provisions of subsection A or B or any other provisions of this title, the
111 treasurer or other collector of taxes for a county, city or town is authorized to provide information
112 relating to any motor vehicle, trailer or semitrailer obtained by such treasurer or collector in the course
113 of performing his duties to the commissioner of the revenue or other assessing official for such
114 jurisdiction for use by such commissioner or other official in performing assessments.

115 This section shall not be construed to prohibit a local tax official from imprinting or displaying on a
116 motor vehicle local license decal the year, make, and model and any other legal identification
117 information about the particular motor vehicle for which that local license decal is assigned.

118 E. Notwithstanding any other provisions of law, state agencies and any other administrative or
119 regulatory unit of state government shall divulge to the Tax Commissioner or his authorized agent, upon
120 written request, the name, address, and social security number of a taxpayer, necessary for the

121 performance of the Commissioner's official duties regarding the administration and enforcement of laws
122 within the jurisdiction of the Department of Taxation. The receipt of information by the Tax
123 Commissioner or his agent which may be deemed taxpayer information shall not relieve the
124 Commissioner of the obligations under this section.

125 F. Additionally, it shall be unlawful for any person to disseminate, publish, or cause to be published
126 any confidential tax document which he knows or has reason to know is a confidential tax document. A
127 confidential tax document is any correspondence, document, or tax return that is prohibited from being
128 divulged by subsection A, B, C, or D of this section or by § 59.1-282.4. This prohibition shall not apply
129 if such confidential tax document has been divulged or disseminated pursuant to a provision of law
130 authorizing disclosure. Any person violating the provisions of this subsection shall be guilty of a Class 2
131 misdemeanor.