

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. **Patron** Charles J. Colgan

2. **Bill Number** SB 165

3. **Committee** House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Secrecy of Tax Information; exception
For Labor & Industry to collect wages

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. Summary/Purpose:

This bill would permit the Department of Taxation, upon entering into a written agreement, to provide to the Commissioner of Labor and Industry information that would facilitate the collection of unpaid wages.

This bill does not specify an effective date.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** No.

8. Fiscal implications:

The Department of Taxation would incur minimal administrative costs in implementing this bill.

This bill would have minimal impact on the General Fund. Most funds collected would belong to employees. The amount, if any, of collections of penalties and interest that are facilitated by the information made available by this bill is unknown.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Labor and Industry

10. **Technical amendment necessary:** None.

11. Other comments:

Current law

The Commissioner of Labor and Industry is authorized to institute proceedings on behalf of an employee to enforce compliance with laws relating to the payment of wages. The

proceedings may collect any funds unlawfully withheld from the employee, which are paid to the employee. The Commissioner may impose penalties on employers for violations of the law. The Commissioner may also engage private counsel to collect funds owed to the employee or the Commonwealth, i.e., wages, penalties and interest.

The Tax Commissioner, commissioners of revenue, treasurers, revenue officers and their agents are prohibited by law from disclosing confidential taxpayer information acquired in the course of their duties. This includes information acquired from state and federal tax returns. These individuals may divulge confidential taxpayer information by court order or if one of the statutory exceptions applies. Anyone who receives confidential tax information pursuant to one of the statutory exceptions is similarly prohibited from disclosing the information as if he were a tax official.

Proposal

This bill would create an additional statutory exception for the Tax Commissioner upon entering into a written agreement, to provide information to the Commissioner of Labor and Industry to facilitate the collection of wages unlawfully withheld from employees or otherwise owing to employees or the Commonwealth.

Other Legislation

Senate Bill 166 would allow the Tax Commissioner to provide confidential tax information to the Department of Treasury to facilitate the location of holders of unclaimed property.

Senate Bill 305 clarifies that confidential tax information may be provided to the person who is the subject thereof.

Senate Bill 403 would allow the Tax Commissioner to provide confidential tax information to the Director of the Department of Human Resource Management to identify persons receiving workers' compensation indemnity benefits who have failed to report earnings as required by law.

cc : Secretary of Finance

Date: 2/16/2004 JPJ