

DEPARTMENT OF TAXATION

2004 Fiscal Impact Statement

1. **Patron** Charles J. Colgan

2. **Bill Number** SB 166

3. **Committee** Passed Senate and House

House of Origin:

 Introduced

 Substitute

 Engrossed

4. **Title** Secrecy of Tax Information; Exception for
Treasury to Facilitate Locating Holders of
Unclaimed Property

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would allow the Tax Commissioner to provide to the Department of the Treasury for its confidential use the tax information needed to locate the holders of unclaimed property.

This is a Department of Treasury bill.

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 would incur minimal administrative costs to implement this bill. This bill would have no effect on General Fund revenue.

9. Specific agency or political subdivisions affected:

Department of Treasury
Department of Taxation

10. **Technical amendment necessary:** No.

11. Other comments:

Current law

The Department of Treasury administers the unclaimed property program. Any person, wherever organized or domiciled, who is in possession of property belonging to another person is defined as a "holder" of unclaimed property. Holders include trustees and a person indebted to another on an obligation. Examples of unclaimed property are: bank

deposits, uncashed checks, travelers checks and money orders, contents of a safe deposit box (deemed abandoned five years after the lease expires), amounts owed under life insurance or annuity contracts, utility deposits (deemed abandoned one year after service terminated), certain gift certificates and credit balances, wages and payroll checks (deemed abandoned after one year).

If an owner has failed to claim his property within the time specified by law (generally five years), then the holder is required to turn over the unclaimed property to the Department of Treasury. Cash and proceeds from the sale of non-cash unclaimed property, in excess of a reserve to pay claims by the rightful owners, are deposited to the Literary Fund.

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 to provide information to the Department of Treasury that would assist it in locating holders of unclaimed property. To the extent that the additional information provided by the Department of Taxation facilitates the location of additional holders and unclaimed property, the Literary Fund and the owners of the property would benefit.

Other Legislation

Senate Bill 165 would allow the Tax Commissioner to provide confidential tax information to the Commissioner of Labor and Industry to facilitate the collection of unpaid wages.

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: 3/11/2004 JPJ