

DEPARTMENT OF TAXATION

2012 Fiscal Impact Statement

1. **Patron** Scott A. Surovell

2. **Bill Number** HB 664

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Publication of Names of Taxpayers Claiming
State Tax Credits

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would require the Tax Commissioner to annually publish on the Department of Taxation's website the following information for certain state tax credits: a brief description of the tax credit, the name of each taxpayer claiming at least \$1,000 of the respective credit, the dollar amount of the credit claimed by such taxpayer, and a reference to the *Code of Virginia* section, with specificity, that establishes the credit.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

7. Fiscal Impact Estimates are: Preliminary. (See Line 8.)

8. Fiscal implications:

Administrative Costs

The Department of Taxation ("the Department") believes it could implement this bill as part of its routine annual changes to systems and forms and is not requesting funding at this time, but may revise this later in the session after analyzing all state tax legislation.

Revenue Impact

This bill would have no revenue impact, as this bill is administrative nature.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Other States

Based on an analysis of other states, the Department identified at least nine states that annually report the names of the recipients and the amount of certain types of tax credits received during the previous fiscal year. These states include the following: Connecticut, Illinois, Missouri, Montana, New Jersey, North Carolina, Pennsylvania, Rhode Island and Wisconsin.

Virginia Disclosure Law

Under Virginia law, the commissioner of the revenue, treasurer, or any other state or local tax or revenue officer or employee is prohibited from divulging any information with respect to the transactions, property, including personal property, income or business of any person, firm or corporation, except in accordance with a proper judicial order or as otherwise provided by law. Therefore, a judicial order must be entered or legislation must be passed in order to allow the Department to divulge specific taxpayer information.

Virginia Department of Taxation Annual Report

The Department of Taxation publishes an annual report on individual and corporate income tax, sales and use tax, local property tax, and other state tax data, for each fiscal year. Beginning with the report for FY 2010, the Annual Report has included a table listing all credits with the number of claimants and amount claimed for each credit. The data are aggregated so that individual taxpayers cannot be identified.

Virginia Department of Taxation Delinquent Debtor List

Virginia law provides the Department of Taxation the authority to publish delinquent debtors on its website. All information that is provided on this website is public information resulting from a Memorandum of Lien being recorded in Circuit Court. The list provides all of the debtors that have failed to respond after exhaustive efforts and have been assigned to a field agent to resolve the debt. In addition, these debtors must have a liability balance of over \$15,000.00 and is not currently under administrative appeal, bankruptcy, or a payment plan. This collection tool is primarily used for high dollar accounts after field visits, third party liens, defaulted payment plans and memorandum of liens and prior to an administrative padlock or revocation hearing. However, nothing published on this list is information that is not available publicly.

Confidentiality of Taxpayer Information

The confidentiality of taxpayer information is a critical component of a voluntary tax system. Without assurance that the information they provide on their returns will be protected, many taxpayers may be reluctant to disclose sensitive personal or proprietary information. That is why the laws and policies of the federal and most state tax agencies not only prohibit unauthorized disclosure of taxpayer information, but prohibit employees from looking at taxpayer data unless they have a legitimate business reason for doing so.

Proposal

This bill would require the Tax Commissioner to annually publish on the Department of Taxation's website the following information for certain state tax credits: a brief description of the tax credit, the name of each taxpayer claiming at least \$1,000 of the respective credit, the dollar amount of the credit claimed by such taxpayer, and a reference to the Code of Virginia section (referenced with specificity) that establishes the credit.

The effective date of this bill is not specified.

Other Bills

Senate Bill 355 would require the Department of Taxation to publish and annually update a list that indicates the assessed value, the appraised value, and the amount of credits issued for each piece of property, or interest in property, awarded a land preservation tax credit.

cc : Secretary of Finance

Date: 1/23/2012 tlg
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