

DEPARTMENT OF TAXATION

2017 Fiscal Impact Statement

1. **Patron** Barry D. Knight

2. **Bill Number** HB 1810

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Passed House and Senate

4. **Title** Disclosure of Information; Department of
Taxation

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. **Summary/Purpose:**

This bill would require the Department to provide registered Retail Sales and Use Tax dealers with online access to the names and registration numbers of other such dealers.

The Department currently is authorized to disclose whether a person is registered to collect the Retail Sales and Use Tax and to make available the names and registration numbers of such dealers. Under Virginia law, unless an exception applies, 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 law, or any former officer or employee of any of the aforementioned offices may 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.

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 considers implementation of this bill as "routine," and does not require additional funding.

Revenue Impact

As a result of Senate Bill 1010 (2015 *Acts of Assembly*, Chapter 247), dealers may contact the Department of Taxation to verify resale exemption certificates. Currently, dealers may telephone the Department of Taxation to access this information.

To the extent that providing registered Retail Sales and Use Tax dealers with online access to the names and registration numbers of other dealers would facilitate dealers' efforts to validate the legitimacy of resale exemption certificates and reduce Retail Sales and Use Tax evasion, this bill may result in an additional increase in state and local revenues. The amount of this revenue increase is unknown.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Disclosure of Information

Unless an exception applies, 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 law, or any former officer or employee of any of the aforementioned offices may 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. It is also unlawful for any person to disseminate, publish, or cause to be published any confidential tax document which he knows or has reason to know is a confidential tax document.

The Department currently is authorized to disclose whether a person is registered to collect the Retail Sales and Use Tax and to make available the names and registration numbers of such dealers.

Retail Sales and Use Tax Exemption Certificates

Recently, there has been an increase in cigarette smuggling between Virginia localities and between Virginia and other states capitalizing on cigarette tax rate differences between the jurisdictions. One aspect of this criminal activity involves criminals registering to be Virginia Retail Sales and Use Tax dealers under false pretences or using invalid dealer registration numbers to complete dealer resale exemption certificates that they present to cigarette wholesalers to buy cigarettes exempt from the Retail Sales and Use Tax. This bill would facilitate the process by which the Department is able to disclose to wholesalers and other dealers whether they may accept resale exemption certificates from specific persons to prevent a loss of Retail Sales and Use Tax revenue.

Proposal

This bill would require the Department to provide registered Retail Sales and Use Tax dealers with online access to the names and registration numbers of such dealers.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 2/16/2017 AM
DLAS File Name: HB1810FER161