

DEPARTMENT OF TAXATION

2018 Fiscal Impact Statement

1. **Patron** M. Keith Hodges

3. **Committee** Senate Finance

4. **Title** Secrecy of Tax Information; Authorizes Localities
to Disclose Information to Third Party
Contractors

2. **Bill Number** HB 495

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would provide an exception to Virginia's law prohibiting the disclosure of taxpayer information by authorizing a commissioner of the revenue, treasurer, director of finance, or other similar official who collects or administers taxes for a county, city, or town to disclose tax information to nongovernmental entities with which such locality has contracted to provide services that assist it in the administration of refund processing or other non-audit services related to the administration of taxes. This bill would prohibit such disclosure unless the commissioner of the revenue, treasurer, director of finance, or other similar official has obtained written acknowledgement from the nongovernmental entity that Virginia's taxpayer information confidentiality and nondisclosure obligations and penalties apply to such entity and that such entity agrees to abide by such obligations.

The effective date for this bill is not specified.

6. Budget amendment necessary: No.

7. No Fiscal Impact: (See Line 8).

8. Fiscal implications:

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

This bill would have no General Fund revenue impact.

9. Specific agency or political subdivisions affected:

Department of Taxation
Local Commissioners of the Revenue and Treasurers

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Unless an exception applies, the Tax Commissioner, commissioner of the revenue, treasurer, and their staff may not divulge any information acquired in the performance of their 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 any confidential tax document which he knows or has reason to know is a confidential tax document. Any person who violates these provisions is guilty of a Class 1 misdemeanor.

Under current law, the Department is authorized to disclose tax information to nongovernmental entities with which it has contracted to provide services that assist it in the administration of refund processing or other services related to the administration of taxes.

Proposed Legislation

This bill would provide an exception to Virginia's law prohibiting the disclosure of taxpayer information by authorizing a commissioner of the revenue, treasurer, director of finance, or other similar official who collects or administers taxes for a county, city, or town to disclose tax information to nongovernmental entities with which such locality has contracted to provide services that assist it in the administration of refund processing or other non-audit services related to the administration of taxes. This bill would prohibit such disclosure unless the commissioner of the revenue, treasurer, director of finance, or other similar official has obtained written acknowledgement from the nongovernmental entity that Virginia's taxpayer information confidentiality and nondisclosure obligations and penalties apply to such entity and that such entity agrees to abide by such obligations.

The effective date for this bill is not specified.

cc: Secretary of Finance

Date: 2/13/2018 JLOF
HB495FH1161