

**DEPARTMENT OF TAXATION  
2015 Fiscal Impact Statement**

1. **Patron** Charniele L. Herring

3. **Committee** Senate Finance

4. **Title** Disclosure of Information; Grand Jury  
Subpoenas

2. **Bill Number** HB 2179

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**Second House:**

  X   **In Committee**

           **Substitute**

           **Enrolled**

**5. Summary/Purpose:**

This bill would eliminate the requirement that confidential tax returns be sent to the clerk of the court for a judge to determine that the information is of such importance that the ends of justice require that the secrecy and confidentiality of the returns be violated when such returns are requested pursuant a subpoena issued by a grand jury of a court of the Commonwealth.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

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

**8. Fiscal implications:**

This bill would have no impact on state or local revenues.

**9. Specific agency or political subdivisions affected:**

Department of Taxation  
Office of the Attorney General

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

**11. Other comments:**

Grand Jury Subpoenas

In Virginia, special grand juries may be convened to investigate a particular matter. Under the law, the special grand jury may subpoena persons to appear before it to testify and to produce specified records, papers, and documents or other tangible things. Additionally, multi-jurisdiction grand juries, which involve more than one jurisdiction, have statewide subpoena power and, through special counsel, may subpoena persons to appear before

them to testify and to produce specified records, papers, and documents or other tangible things.

In certain limited circumstances, including in accordance with a proper judicial order or as provided by law, the Tax Commissioner may disclose information acquired by him in the performance of his duties with respect to the transactions, property, income, or business of any person, firm, or corporation. *Virginia Code* § 58.1-109 requires the Tax Commissioner to respond to a summons, subpoena, subpoena duces tecum, or order directing him to produce confidential tax returns by mailing a reproduction or enlargement of the returns to the clerk of the court. The envelope may not be opened unless and until a judge of the court determines that the information is of such importance that the ends of justice require that the secrecy and confidentiality of the returns be violated.

### Proposal

This bill would eliminate the requirement that confidential tax returns be sent to the clerk of the court for a judge to determine that the information is of such importance that the ends of justice require that the secrecy and confidentiality of the returns be violated when such returns are requested pursuant a subpoena issued by a grand jury of a court of the Commonwealth.

The effective date of this bill is not specified.

### Similar Legislation

**Senate Bill 1010** would authorize the Department to disclose i) whether a person is registered to collect the Retail Sales and Use Tax and to publish the names and registration numbers of such dealers, ii) tax information relating to sellers and purchasers of cigarettes or other tobacco products to any federal, state, or local agency, and iii) any tax information necessary to facilitate the repayment of gap financing to a developer or economic development authority working with a tourism project entitled to sales tax revenues to repay the debt.

**Senate Bill 1230** would require the Alcoholic Beverage Control Board to license retail dealers selling cigarettes and other tobacco products and transfer the licensing of tobacco products distributors from the Department of Taxation to ABC. The bill would allow for the exchange of information between the two agencies.

cc : Secretary of Finance

Date: 2/13/2015 AM  
DLAS File Name: HB2179FE161