

DEPARTMENT OF TAXATION

2019 Fiscal Impact Statement

1. **Patron** Jeremy S. McPike

2. **Bill Number** SB 1623

3. **Committee** Senate Finance

House of Origin:

X **Introduced**

 Substitute

 Engrossed

4. **Title** Confidentiality of Taxpayer Information;
Local Tax Officers Sharing Information with
Local Administration

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would authorize a locality's commissioner of the revenue, treasurer, director of finance, or other similar local official who collects or administers taxes to share confidential tax information with such locality's financial officer and chief administrative officer, provided that such officer enters into a written nondisclosure agreement. This authorization would apply only to localities for which the Auditor of Public Accounts ("the APA") has made a preliminary determination of fiscal distress.

Under current law, confidential tax information is prohibited from being shared between local tax officials and local administrative officers unless an exemption applies.

If enacted during the 2019 Regular Session of the General Assembly, this bill would become effective July 1, 2019.

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

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

This bill would have no impact on state administrative costs but could result in administrative costs to localities.

Revenue Impact

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

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

Counties, cities and towns

10. Technical amendment necessary: No.

11. Other comments:

Prohibition on the 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. Any person who violates these provisions is guilty of a Class 1 misdemeanor.

Local Financial Officers and Chief Administrative Officers

Under current law, a locality is required to appoint an officer to be responsible for its financial affairs unless otherwise provided for by law or unless such functions are performed by the constitutional offices of treasurer and commissioner of the revenue. The governing body of any locality may appoint a chief administrative officer, who is designated as the county, city or town administrator or manager or executive.

Auditor of Public Accounts Determination of Fiscal Distress

The APA has developed criteria to identify local governments that may be in fiscal distress. For local governments where the APA has made a preliminary determination of fiscal distress, the APA is required to notify the local governing body of its preliminary determination. Based upon the request of the local governing body or chief executive officer, the Auditor of Public Accounts may conduct a review and request documents and data from the local government.

Proposal

This bill would authorize a locality's commissioner of the revenue, treasurer, director of finance, or other similar local official who collects or administers taxes to share confidential tax information with such locality's financial officer and chief administrative officer if the officer has signed a nondisclosure agreement. This authorization would apply only to localities for which the Auditor of Public Accounts has made a preliminary determination of fiscal distress.

If enacted during the 2019 Regular Session of the General Assembly, this bill would become effective July 1, 2019.

Similar Legislation

House Bill 2587 would authorize a locality's commissioner of the revenue, treasurer, director of finance, or other similar local official who collects or administers taxes to share

confidential tax information with such locality's financial officer and chief administrative officer, provided that such officer enters into a written nondisclosure agreement.

cc : Secretary of Finance

Date: 1/13/2019 SK
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