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HOUSE BILL NO. 423

Offered January 17, 1996

A *BILL to amend and reenact § 58.1-3 of the Code of Virginia, relating to secrecy of information; penalties.*

Patrons—Parrish; Senators: Barry and Colgan

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-3. Secrecy of information; penalties.

A. Except in accordance with proper judicial order or as otherwise provided by law, 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 former officer or employee of any of the aforementioned offices shall 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. Such prohibition specifically includes any copy of a federal return or federal return information required by Virginia law to be attached to or included in the Virginia return. Any person violating the provisions of this section shall be guilty of a Class 2 misdemeanor. The provisions of this subsection shall not be applicable, however, to:

1. Matters required by law to be entered on any public assessment roll or book;
2. Acts performed or words spoken or published in the line of duty under the law;
3. Inquiries and investigations to obtain information as to the process of real estate assessments by a duly constituted committee of the General Assembly, or when such inquiry or investigation is relevant to its study, provided that any such information obtained shall be privileged;
4. The sales price, date of construction, physical dimensions or characteristics of real property, or to any information required for building permits.

B. Nothing contained in this section shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof or the publication of delinquent lists showing the names of taxpayers who are currently delinquent, together with any relevant information which in the opinion of the Department may assist in the collection of such delinquent taxes. This section shall not be construed to prohibit a local tax official from disclosing whether a person, firm or corporation is licensed to do business in that locality and divulging, upon written request, the name and address of any person, firm or corporation transacting business under a ~~fictitious~~ fictitious name. *Additionally, notwithstanding any other provision of law, the commissioner of revenue is authorized to provide, upon written request stating the reason for such request, the Tax Commissioner with information obtained from local tax returns and other information pertaining to the income, sales and property of such business.*

C. Notwithstanding the provisions of subsection A or B or any other provision of this title, the Tax Commissioner is authorized to: (i) divulge tax information to any commissioner of the revenue, director of finance or other similar collector of county, city or town taxes who, for the performance of his official duties, requests the same in writing setting forth the reasons for such request; (ii) provide to the Commissioner of the Department of Social Services, upon written request, information on the amount of income reported by persons on their state income tax returns who have applied for public assistance benefits as defined in § 63.1-87; (iii) provide to the Executive Director of the State Education Assistance Authority, upon written request, the names and home addresses of those persons identified by the Authority as having defaulted on loans guaranteed by the Authority; (iv) provide current address information upon request to state agencies and institutions for their confidential use in facilitating the collection of accounts receivable, and to the clerk of a circuit or district court for their confidential use in facilitating the collection of fines, penalties and costs imposed in a proceeding in that court; (v) provide to the Commissioner of the Virginia Employment Commission, after entering into a written agreement, such tax information as may be necessary to facilitate the collection of unemployment taxes and overpaid benefits; (vi) provide to the Alcoholic Beverage Control Board, upon entering into a written agreement, such tax information as may be necessary to facilitate the collection of state and local taxes and the administration of the alcoholic beverage control laws; (vii) provide to the Director of the State Lottery Department such tax information as may be necessary to identify those lottery ticket retailers who owe delinquent taxes; (viii) provide to the Department of the Treasury for its confidential use such tax information as may be necessary to facilitate the location of owners of unclaimed property;

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60 (ix) provide to the State Corporation Commission, upon entering into a written agreement, such tax
61 information as may be necessary to facilitate the collection of taxes and fees administered by the
62 Commission; and (x) provide to the Executive Director of the Potomac and Rappahannock
63 Transportation Commission for its confidential use such tax information as may be necessary to facilitate
64 the collection of the motor vehicle fuel sales tax. The Tax Commissioner is further authorized to enter
65 into written agreements with duly constituted tax officials of other states and of the United States for the
66 inspection of tax returns, the making of audits, and the exchange of information relating to any tax
67 administered by the Department of Taxation. Any person to whom tax information is divulged pursuant
68 to this section shall be subject to the prohibitions and penalties prescribed herein as though he were a
69 tax official.

70 D. Notwithstanding the provisions of subsection A or B or any other provision of this title, the
71 commissioner of revenue is authorized to provide, upon written request stating the reason for such
72 request, the chief executive officer of any county or city with information furnished to the commissioner
73 of revenue by the Tax Commissioner relating to the name and address of any dealer located within the
74 county or city who paid sales and use tax, for the purpose of verifying the local sales and use tax
75 revenues payable to the county or city. Any person to whom tax information is divulged pursuant to this
76 section shall be subject to the prohibitions and penalties prescribed herein as though he were a tax
77 official.

78 This section shall not be construed to prohibit a local tax official from imprinting or displaying on a
79 motor vehicle local license decal the year, make, and model and any other legal identification
80 information about the particular motor vehicle for which that local license decal is assigned.

81 E. Notwithstanding any other provisions of law, state agencies and any other administrative or
82 regulatory unit of state government shall divulge to the Tax Commissioner or his authorized agent, upon
83 written request, the name, address, and social security number of a taxpayer, necessary for the
84 performance of the Commissioner's official duties regarding the administration and enforcement of laws
85 within the jurisdiction of the Department of Taxation. The receipt of information by the Tax
86 Commissioner or his agent which may be deemed taxpayer information shall not relieve the
87 Commissioner of the obligations under this section.

88 F. Additionally, it shall be unlawful for any person to disseminate, publish, or cause to be published
89 any confidential tax document which he knows or has reason to know is a confidential tax document. A
90 confidential tax document is any correspondence, document, or tax return that is prohibited from being
91 divulged by subsection A, B, C, or D of this section. This prohibition shall not apply if such
92 confidential tax document has been divulged or disseminated pursuant to a provision of law authorizing
93 disclosure. Any person violating the provisions of this subsection shall be guilty of a Class 2
94 misdemeanor.