

Offered: 3/21/86
For Today's Calendar

Original sponsor: Rules/Legislative
Budget and Audit

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 502 (Judiciary) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to confidential tax information of
7 the Department of Revenue; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. LEGISLATIVE FINDINGS AND PURPOSE. (a) The legislature
11 finds that

12 (1) the majority of the state's revenue is derived from taxa-
13 tion;

14 (2) tax revenue enables the state to provide essential services
15 to the citizens of the state to ensure the public health and welfare;

16 (3) the elected representatives of the people of the state must
17 be assured that the state is receiving all of the income to which it is
18 entitled and that the tax laws are operating in the manner intended by the
19 legislature;

20 (4) the legislature must exercise its oversight authority to
21 assure that tax revenue collection by the Department of Revenue is effi-
22 cient, fair, prompt and in the best interest of the state;

23 (5) there is a legitimate and compelling governmental interest
24 in the legislature having adequate access to tax related information to
25 allow responsible oversight;

26 (6) without sufficient information, the legislature cannot
27 adequately determine that the state's tax revenue collection functions are
28 properly administered and that tax revenue due the state is promptly re-
29 ceived;

1 (7) tax returns and return information contain confidential
2 information, often regarding sensitive business information;

3 (8) taxpayers have protections against public disclosure of
4 certain tax information;

5 (9) exchange agreements with the Internal Revenue Service re-
6 quire that certain tax information not be publicly disclosed;

7 (10) protection of confidentiality fosters full disclosure by
8 taxpayers to taxing authorities and therefore promotes effective adminis-
9 tration of tax programs; and

10 (11) legislators and legislative employees who improperly dis-
11 close confidential tax information should be subject to the same sanctions
12 imposed against executive branch employees.

13 (b) The purpose of this Act is to ensure that

14 (1) the state is receiving all the tax revenue due the state;

15 (2) oversight of the tax revenue collection function is effec-
16 tively provided; and

17 (3) tax revenue due to the state is available to provide for the
18 public health and welfare of the citizens of the state;

19 (4) taxpayers have protections against improper disclosure of
20 tax information;

21 (5) the exchange agreements with the Internal Revenue Service
22 regarding tax information are not jeopardized; and

23 (6) tax programs are administered fairly.

24 * Sec. 2. AS 24.10 is amended by adding a new section to article 2 to
25 read:

26 Sec. 24.10.070. CONFIDENTIALITY OF INFORMATION. A present or
27 former employee or agent of the legislature may not disclose tax
28 information contained in a report or return filed under AS 43 with the
29 Department of Revenue and furnished to the person under

1 AS 43.05.230(h).

2 * Sec. 3. AS 24.60.060 is amended by adding a new subsection to read:

3 (b) A person to whom this chapter applies may not disclose tax
4 information contained within a report or a return filed under AS 43
5 with the Department of Revenue and furnished to the person under
6 AS 43.05.230(h).

7 * Sec. 4. AS 24.60 is amended by adding a new section to read:

8 Sec. 24.60.172. SPECIAL PROCEEDINGS BEFORE THE COMMITTEE.
9 Notwithstanding AS 24.60.170, if a complaint before the committee
10 involves an allegation that a person to whom this chapter applies has
11 disclosed tax information contained within a report or return filed
12 under AS 43 with the Department of Revenue and furnished to the person
13 under AS 43.05.230(h) and the taxpayer or a third party whose tax
14 information is alleged to have been improperly disclosed does not
15 agree to the public disclosure of the identity of the taxpayer, the
16 third party, or the tax information,

17 (1) the hearing may not be held in open session;

18 (2) a transcript containing confidential tax information
19 must be edited to prevent the disclosure of the confidential informa-
20 tion;

21 (3) a decision, if made public, must be edited to prevent
22 the disclosure of the tax information and to protect the identity of
23 the taxpayer or the third party; and

24 (4) a public statement may not contain information identi-
25 fying the taxpayer, a third party, or the tax information.

26 * Sec. 5. AS 43.05.230(f) is amended to read:

27 (f) An intentional [A WILFUL] violation of the provisions of
28 this section is a class C felony [PUNISHABLE BY A FINE OF NOT MORE
29 THAN \$5,000, OR BY IMPRISONMENT FOR NOT MORE THAN TWO YEARS, OR BY

1 BOTH].

2 * Sec. 6. AS 43.05.230 is amended by adding new subsections to read:

3 (h) A legislative committee, after identifying the scope of an
4 investigation or inquiry relating to matters of taxation and the
5 adoption by either house of a simple resolution giving the committee
6 authority to receive confidential tax information, may request the
7 commissioner of revenue to provide confidential taxpayer returns or
8 return information; the request by the committee shall be in writing
9 and may identify, directly or indirectly, a particular taxpayer. On
10 adoption of the resolution, the commissioner of revenue shall provide
11 the committee with the requested returns or return information. If
12 specific returns or return information concerning a particular taxpay-
13 er are provided to a legislative committee under this subsection, the
14 commissioner of revenue shall notify the particular taxpayer of the
15 request and of the delivery to the committee of the information. The
16 committee may designate legislative employees or agents to inspect
17 returns and return information. The committee may consider informa-
18 tion made available under this subsection only in executive session
19 unless the taxpayer and any third party whose tax information is being
20 considered consent in writing to a disclosure in open session.

21 (i) The disclosure of information made confidential by this
22 section by a member or former member of the legislature or by a
23 present or former employee or agent of the legislature is a violation
24 of this section. A member of the legislature and an employee or agent
25 of the legislature, before receiving or reviewing information provided
26 by the commissioner under (h) of this section, shall acknowledge, on a
27 form prepared by the commissioner, that the information is confiden-
28 tial, and that a disclosure of the information is prohibited by law.

29 (j) The legislative committee and the commissioner of revenue

1 shall establish procedures governing the transmittal, receipt, safe-
2 keeping, and use of the confidential information provided by the
3 commissioner under (h) of this section.

4 (k) This section does not permit the disclosure to the legisla-
5 ture of confidential information provided by the Internal Revenue
6 Service under exchange agreements with the department.

7 * Sec. 7. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).