

Legislative Analysis



DISCLOSE NAMES OF DELINQUENT TAXPAYERS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4271

Sponsor: Rep. Steve Bieda

Committee: Tax Policy

Complete to 3-28-07

A SUMMARY OF HOUSE BILL 4271 AS INTRODUCED 2-14-07

The bill would amend the Revenue Act to permit the Department of Treasury to publicly disclose the names (and last known address) of taxpayers with delinquent tax liabilities of more than \$25,000 (including penalties and interest) beginning 90 days after the final tax assessment is issued.

At least 90 days prior to disclosure, the department would have to notify the taxpayer of the amount due and the potential for disclosure. If, 60 days after notice is sent, the taxpayer fails to either enter into a written agreement with the department to pay the delinquent tax liability or correct a default in an existing agreement, the department may disclose the taxpayer's name and tax liability.

A taxpayer's name would not be disclosed for any of the following reasons:

- A written agreement to pay the tax liability is in place.
- The tax liability is the subject of an informal conference, administrative review, or judicial review, or on appeal, as provided in the act.
- The department receives notice that the taxpayer has filed for bankruptcy.

The list of delinquent taxpayers would be available publicly at the department and by other means of publication, including posting on the Internet. Additionally, if the taxpayer is a business, the department may post a notice of the delinquency on the premises of the taxpayer.

A taxpayer's name would be removed from this list within 30 days following payment of the tax liability or if the taxpayer meets any of the criteria listed above for which the taxpayer's name would not be disclosed.

Generally, under the act, departmental employees (and others privy to such information) are prohibited from disclosing information on taxpayers obtained in connection with the administration of taxes, except as necessary to administer the tax, pursuant to a judicial order concerning child support enforcement, a judicial order concerning any criminal matter or any grand jury proceedings, or a judicial order in a proceeding for which the tax liability is to be adjudicated. The bill would also allow for an exception for the purposes of disclosing the names of delinquent taxpayers, as outlined above.

FISCAL IMPACT:

The Fiscal Year 2007-08 Executive Budget Recommendation already accounts for this "cybershame" initiative by estimating an increase in "delinquent tax collection revenue" of \$5 million.

The FY 2007-08 Executive budget for the Department of Treasury includes 1.0 FTE position at a cost of \$250,000 to the department's Collections division (\$100,000 in employee economics and \$150,000 in contractual services, supplies, and materials CSSM) to support this new program. The revenue source for this position is identified as delinquent tax collection revenue.

Fiscal Analyst: Mark Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.