

# HOUSE BILL REPORT

## ESHB 1357

---

*As Passed Legislature*

**Title:** An act relating to the public disclosure of tax information.

**Brief Description:** Relating to the public disclosure of tax information.

**Sponsor(s):** By House Committee on Revenue (originally sponsored by Representatives Fraser, Holland, Wang, Wynne, Winsley, Moyer, Paris and May; by request of Department of Revenue).

**Brief History:**

Reported by House Committee on:  
Revenue, February 26, 1991, DPS;  
Passed House, March 20, 1991, 98-0;  
Amended by Senate;  
House concurred;  
Passed Legislature, 94-0.

---

**HOUSE COMMITTEE ON  
REVENUE**

**Majority Report:** *That Substitute House Bill No. 1357 be substituted therefor, and the substitute bill do pass.*  
Signed by 15 members: Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Brumsickle; Day; Leonard; Morris; Morton; Phillips; Rust; Silver; and Van Luven.

**Staff:** Robin Appleford (786-7093).

**Background:** The Department of Revenue (DOR) collects the majority of General Fund-State Tax sources. DOR must keep tax returns and other information confidential, except in certain circumstances. DOR may provide information in court actions, or to the Internal Revenue Service and certain governmental entities. DOR also releases "sanitized" versions of determinations, in which information that would identify the taxpayer has been deleted, to notify taxpayers of administrative law changes.

The statutes are somewhat vague as to how much information DOR may disclose. There are substantial penalties,

including loss of state employment, for the unauthorized release of confidential information.

**Summary of Bill:** DOR is provided with specific guidelines on the type of taxpayer information to be released, and the circumstances under which the information may be released. The director of DOR may designate certain written determinations as precedents, and these precedents are to be made available to the public. DOR must adopt by rule specific criteria to be used in deciding whether a determination is precedential. The criteria must include at least the following:

1. Whether the determination clarifies an unsettled interpretation of the excise tax statutes.
2. Whether the determination modifies or clarifies an earlier interpretation.

Upon request by a taxpayer, DOR must release any written determination it uses to make assessments against that taxpayer. However, DOR may only release determinations after names, addresses, and other identifying details of the taxpayer to whom the determination pertains have been deleted.

**Fiscal Note:** Requested March 21, 1991.

**Effective Date:** Ninety days after adjournment of session in which bill is enacted.

**Testimony For:** DOR has very little guidance from current statutes on how to balance the public's right to know against the taxpayer's right to confidentiality. This bill will provide some better guidelines.

**Testimony Against:** None.

**Witnesses:** Dennis Okamoto, Director, Department of Revenue.