

# SENATE BILL REPORT

## SB 5312

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As of February 24, 2011

**Title:** An act relating to the publication of tax data to ensure the transparency of Washington's tax preferences and structure to the public while protecting confidential taxpayer information.

**Brief Description:** Concerning the publication of tax data to ensure the transparency of Washington's tax preferences and structure to the public while protecting confidential taxpayer information.

**Sponsors:** Senators Kline, Kohl-Welles, Chase, Conway and Keiser.

**Brief History:**

**Committee Activity:** Ways & Means: 2/23/11.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dianne Criswell (786-7433)

**Background:** Tax Information. The Public Records Act requires that all state and local government agencies make all public records available for public disclosure unless they fall within certain statutory exemptions. Personal information required of any taxpayer in connection with the assessment or collection of any tax is exempt if the disclosure of such information by employees of the Department of Revenue (DOR) is prohibited, or would violate the taxpayer's right to privacy or result in unfair competitive disadvantage to the taxpayer.

The Secrecy Clause, RCW 82.32.330, is the law that prohibits DOR employees from disclosing excise tax returns or tax information about specific taxpayers to unauthorized persons. The analogous provision for property tax is provided in RCW 84.08.210. These laws define the circumstances under which documents may be disclosed and to whom. All tax information is confidential and not disclosable to the public, without the taxpayer's permission or other statutory authorization. However data, material, or documents that do not disclose information related to a specific or identifiable taxpayer do not constitute tax information. For example, publishing statistics so classified as to prevent the identification tax information is permitted.

Tax Studies and Reports. Beginning in January 1984, DOR was required to submit to the Legislature a study on tax exemptions detailing the revenue lost or taxes shifted as a result of

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tax preferences. In 1999 the frequency of the study was changed from every even-numbered year to every four years. The most recent study was published in January 2008, and the next study is due in January 2012.

DOR produces, on a periodic basis, the Tax Reference Manual, which summarizes major Washington State or local taxes to provide basic descriptive and historical information. This manual is not required by statute. The most recent manual was published in January 2010.

**Summary of Bill:** Excise tax, and property tax secrecy clauses are amended to expressly require that statistical data include at least three taxpayers in the classification.

The frequency of the tax exemption study is amended to be every even-numbered year. Further, the study must be published on DOR's website so that it is available as a reference to citizens and businesses that are interested in Washington State tax policy.

A tax reference manual report by DOR is required every odd-numbered year beginning in January 2013. Further, the manual must be published on DOR's website so that it is available as a reference to citizens and businesses that are interested in Washington tax policy. Beginning in January 2013, and every four years thereafter, the Governor is requested to review the manual and may submit recommendations to the Legislature with respect to the state and local tax structures. The Ways and Means committees of each house and the appropriate standing committee of each house must hold public hearings and take appropriate action on the recommendations submitted by the Governor.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: More information helps the public, the Legislature, and the Governor make better decisions.

**Persons Testifying:** PRO: Senator Kline, prime sponsor; Nick Federici, Our Economic Future Coalition.