

2009 DRAFTING REQUEST

Bill

Received: **12/18/2008**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Lillethun**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Adtl. Drafters:

Subject: **Tax, Other - miscellaneous**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Lillethun, BB0298 -

Topic:

Financial institution data match

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/18/2008	bkraft 12/19/2008		_____			State
/1			rschlue 12/19/2008	_____	mbarman 12/19/2008		State
/2	jkreye 01/06/2009	bkraft 01/06/2009	rschlue 01/07/2009	_____	lparisi 01/07/2009		State
/3	jkreye 01/08/2009	bkraft 01/09/2009	jfrantze 01/09/2009	_____	mbarman 01/09/2009		State
/4	jkreye 01/27/2009	bkraft 01/27/2009	phenry 01/27/2009	_____	lparisi 01/27/2009		State

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	jkreye 02/02/2009	wjackson 02/02/2009		_____			
/5	jkreye 02/03/2009	jdyer 02/03/2009	rschlue 02/02/2009	_____	sbasford 02/02/2009		State
/6			rschlue 02/03/2009	_____	lparisi 02/03/2009		

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13 bjk 1/9
[Handwritten signatures]
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FE Sent For:

<END>

1226

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Financial Institutional Data Match
- Tracking Code: BB0298
- SBO team: Tax, Transportation and Budget Development Team
- SBO analyst: Chad Lillethun
 - Phone: 266-7597
 - Email: Chad.Lillethun@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): High

Intent:

Require financial institutions to electronically match their account holders with the department's delinquent taxpayer database to facilitate payment of debts owed to the Department of Revenue.

**2009-2011 Legislative Proposal
Wisconsin Department of Revenue
IS&E Division**

Date: November 25, 2008

TITLE: FINANCIAL INSTITUTION DATA MATCH

DESCRIPTION OF CURRENT LAW AND PROBLEM

The Department of Revenue (DOR) currently has authority to levy bank accounts and other accounts at financial institutions under Sec. 71.91(6), Wis. Stats. The department uses this collection tool only after making a number of attempts to work with a delinquent taxpayer to voluntarily resolve his account. DOR obtains bank account information from the taxpayer, if he discloses the information to us, and also from the IRS.

*Q. ?
rdm
electronic deposit
or does DOR
request it?*

The problem is that often the taxpayer either won't disclose their bank account information to DOR, or the department has out-of-date information from the IRS at the time a levy action is needed.

RECOMMENDATION FOR ACTION

Similar to a financial institution matching program with the Wisconsin Bureau of Child Support (BCS) ^{system data} require financial institutions to electronically match their account holders with the department's delinquent taxpayer database on a quarterly basis in order to facilitate payment of debts owed to the Department of Revenue (DOR). The financial institution would provide to DOR the name, address, and taxpayer identification number (SSN or FEIN) of accounts that match with the database of delinquent accounts, as well as the account number(s), account type, and balance in the account. This process is a way to streamline identification of debtor assets in order to collect delinquent debts.

*? *
let hold
cost be*

From money received from this matching and levy process, allocate a sum sufficient to pay department and financial institution costs of matching account holders at financial institutions to the department's delinquent account database.

Use the language in Sec. 49.853(1)(c), Wis. Stats., to define a financial institution. Financial institutions include banks, credit unions, broker-dealers, benefit associations, insurance companies, and similar entities authorized to do business in this state.

The states of Maryland, Massachusetts, Minnesota, Kentucky, New Jersey, New York, and Indiana have passed legislation requiring the data match for tax collection purposes.

The Wisconsin Bureau of Child Support (BCS) was mandated by the federal government to perform matches with financial institutions, as part of the Personal Responsibility Work Opportunity Act (PRWORA of 1996). This federal act became a part of Sec. 466 [42 U.S.S. 666] (a) of Title IV-D of the Social Security Act. Wisconsin passed 1997 Act 191, s.49.853 & s.49.854, and DWD Rule 43 requiring that DWD enter into agreements to do the match and then to use the match to freeze and seize proceeds.

BCS contracted to complete the in-state matching process, joining with 15 other states to form a consortium. The contractor was responsible for sending out the agreements to financial institutions, monitoring the sign up, and completing the technical portion. In addition, if there is

a signed agreement within the consortium, BCS can match the other states' in-state bank accounts. Michigan, Texas, and Arkansas participate in state-to-state matching and levy debts for each other.

ADMINISTRATIVE IMPACT

* The department estimates three additional Revenue Agent 3 positions will be needed to manage this program. The department will also need programming resources to create, execute, and monitor the match process.

FAIRNESS/TAX EQUITY

Tax fairness and equity will improve because increased collections of delinquent taxes will lessen the tax burden for all citizens of Wisconsin.

IMPACT ON ECONOMIC DEVELOPMENT

No impact.

FISCAL EFFECT

* The department estimates one-time costs for three Revenue Agent 3 positions will be \$111,005. On-going program costs will be \$207,200 and include salary, fringe, and overhead costs.

Estimated collections from the match and increase in bank levies are \$13,000,000.

DRAFTING INSTRUCTIONS

See LRB 532/P2

EFFECTIVE DATE AND/OR INITIAL APPLICATION

The effective date should be 6 months after publication.

INTERESTED/AFFECTED PARTIES

Banks, other financial institutions, insurance companies, and the general public that benefits from all taxpayers paying taxes that are due.

DOR CONTACT PERSON

Diane Hardt, 266-6798
diane.hardt@revenue.wi.gov

PREPARED BY Catherine Bink

1226/1
Lstays

DOA Budget BB0298

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SA ✓

in 12-18-08

do not gen.

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

This bill requires financial institutions to provide DOR with information about persons who hold accounts at the financial institutions so that DOR can determine if any of those accounts are held by persons who owe the state delinquent taxes. Under current law, DOR may impose a levy on financial institutions to collect delinquent taxes from the accounts of delinquent taxpayers.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 20.566 (1) (hc) of the statutes is created to read:

3 20.566 (1) (hc) *Collections from the financial record matching program.* From
4 moneys received from the collection of delinquent Wisconsin taxes under s. 71.91 (6),
5 that are collected as a result of the program under s. 71.91 (8), a sum sufficient to pay

1 the costs incurred by the department of revenue and financial institutions to match
2 account holders at financial institutions to the department's delinquent account
3 database, as provided under s. 71.91 (8).

4 **SECTION 2.** 71.91 (8) of the statutes is created to read:

5 71.91 **(8)** FINANCIAL RECORD MATCHING PROGRAM. (a) *Definitions.* In this
6 subsection:

7 1. "Account" means a demand deposit account, checking account, negotiable
8 withdrawal order account, savings account, time deposit account, or money market
9 mutual fund account.

10 2. "Department" means the department of revenue.

11 3. "Financial institution" has the meaning given in s. 49.853 (1) (c).

12 4. "Ownership interest" has the meaning specified by the department by rule.

13 5. "Person" includes any individual, firm, partnership, limited liability
14 company, joint venture, joint stock company, association, public or private
15 corporation, estate, trust, receiver, personal representative, and other fiduciary, and
16 the owner of a single-owner entity that is disregarded as a separate entity under this
17 chapter.

18 (b) *Matching program agreements.* The department shall promulgate rules
19 specifying procedures under which the department shall enter into agreements with
20 financial institutions doing business in this state to operate the financial record
21 matching program under this subsection. The agreement shall require the financial
22 institution to participate in the financial record matching program under this
23 subsection by electing either the financial institution matching option under par. (c)
24 or the state matching option under par. (d). The information required under pars.
25 (c) and (d) shall be provided by electronic data exchange in the manner specified by

1 the department by rule or by agreement between the department and the financial
2 institution.

3 (c) *Financial institution matching option.* If a financial institution with which
4 the department has an agreement under par. (b) elects to use the financial institution
5 matching option, the department shall provide to the financial institution, at least
6 quarterly, the names and social security numbers or federal employer identification
7 numbers of delinquent taxpayers. The financial institution shall match this
8 information against all accounts maintained at the financial institution. The
9 financial institution shall notify the department of the name, social security or
10 federal employer identification number, address, account number, account type, and
11 account balance of any person with ownership interest in any account that matches
12 any name or number provided by the department.

13 (d) *State matching option.* If a financial institution with which the department
14 has an agreement under par. (b) elects to use the state matching option, the financial
15 institution shall provide to the department, at least quarterly, the name, social
16 security or federal employer identification number, address, account number,
17 account type, and account balance of all persons who have an ownership interest in
18 all accounts maintained at the financial institution. The department shall match the
19 information provided with its database of delinquent taxpayers. The department
20 may not disclose or retain information received from the financial institution
21 concerning account holders who are not delinquent taxpayers.

22 (e) *Confidentiality.* A financial institution participating in the financial
23 institution matching option under par. (c) and the employees, agents, officers, and
24 directors of the financial institution, may use any information provided by the
25 department only for the purpose of administering this subsection and shall be subject

1 to the confidentiality provisions of s. 71.78 (1). Any person violating this paragraph
2 may be fined not less than \$25 nor more than \$500, or imprisoned in the county jail
3 for not less than 10 days nor more than one year or both.

4 (f) *Financial institution liability.* A financial institution that provides
5 information under par. (c) or (d) is not liable to any person for disclosing information
6 to the department under this subsection or for any other action that the financial
7 institution takes in good faith to comply with this subsection.

8 (g) *Penalty.* A financial institution that fails to provide any information
9 required under par. (c) or (d) within 120 days from either the date that the
10 information is due or from the date that the department requests the information
11 may be subject to a \$1,000 penalty for each instance of noncompliance. The
12 department may commence civil proceedings to enforce this subsection if a financial
13 institution fails to provide any information required under par. (c) or (d) after 120
14 days from either the date that the information is due or from the date that the
15 department requests the information.

16 **SECTION 9443. Effective dates; Revenue.**

17 (1) FINANCIAL RECORD MATCHING PROGRAM. The treatment of sections 20.566 (1)
18 (hc) and 71.91 (8) of the statutes takes effect on the first day of the 6th month
19 beginning after publication.

20 (END)

2009-11 LRB Draft Review

Date: 1/5/09

LRB Number: 1226/1

Reviewed by: Catherine Bink

Brief Description of LRB Draft:

The Department of Revenue has the ability to levy financial institutions for the proceeds in accounts held by delinquent taxpayers. This proposal sets out a procedure to require financial institutions to match account holder information against a Wisconsin delinquent debtor database on a quarterly basis, and to provide to DOR information about delinquent debtors who have accounts at the financial institution.

Comments on Draft:

The draft, with the changes noted below, will accomplish the department's intent.

Changes Needed & Why:

✓ **Page 1, line 4**, remove "(6)" from the statutory reference and insert the words "and other debts". The sentence will read:

"From moneys received from the collection of delinquent Wisconsin taxes and other debts under s. 71.91,..."

Reason for change – the Department may use the information acquired by the data match to attach bank accounts with remedies other than administrative levies authorized by s. 71.91(6), Wis. Stats.

✓ **Page 3, line 8**, delete "taxpayers" and insert "debtors".

Reason – DOR collects non-tax debt (Lottery debts).

✓ **Page 3, line 8**, insert after the first sentence in the paragraph:

"The information shall be provided to the financial institution in a manner specified by department rule or agreement."

already provided

✓ **Page 3, line 13**, add to the end of the paragraph:

"The notice specified under this paragraph shall be provided in a manner specified by department rule or agreement."

(last sentence of sec (2))

✓ **Page 3, line 20**, delete "taxpayers" and insert "debtors".

✓ **Page 3, line 22**, delete "taxpayers" and insert "debtors".

Page 4, line 2, add "s. 77.61 (5) (a)" to the end of the first sentence. The sentence will read:

"...to the confidentiality provisions of s. 71.78 (1) and s. 77.61 (5) (a)."

Reason for change – to clarify that confidentiality also applies to sales tax information.

Page 4, line 12, change \$1000 to \$100.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1226/1

JK:bjl:ph

bjk

RMR

DOA:.....Lillethun, BB0298 - Financial institution data match

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

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in 1-6-09

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3 account holders at financial institutions to the department's delinquent account
4 database, as provided under s. 71.91 (8).

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6 71.91 (8) FINANCIAL RECORD MATCHING PROGRAM. (a) *Definitions.* In this
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11 2. "Department" means the department of revenue.

12 3. "Financial institution" has the meaning given in s. 49.853 (1) (c).

13 4. "Ownership interest" has the meaning specified by the department by rule.

14 5. "Person" includes any individual, firm, partnership, limited liability
15 company, joint venture, joint stock company, association, public or private
16 corporation, estate, trust, receiver, personal representative, and other fiduciary, and
17 the owner of a single-owner entity that is disregarded as a separate entity under this
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21 financial institutions doing business in this state to operate the financial record
22 matching program under this subsection. The agreement shall require the financial
23 institution to participate in the financial record matching program under this
24 subsection by electing either the financial institution matching option under par. (c)
25 or the state matching option under par. (d). The information required under pars.

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18 account type, and account balance of all persons who have an ownership interest in
19 all accounts maintained at the financial institution. The department shall match the
20 information provided with its database of delinquent ~~taxpayers~~ ^{debtors}. The department
21 may not disclose or retain information received from the financial institution
22 concerning account holders who are not delinquent ~~taxpayers~~ ^{debtors}.

23 (e) *Confidentiality.* A financial institution participating in the financial
24 institution matching option under par. (c) and the employees, agents, officers, and
25 directors of the financial institution, may use any information provided by the

^{no} notice shall be provided in a manner specified by the department
by rule or by agreement between the department and the financial institution.

1 department only for the purpose of administering this subsection and shall be subject
 2 to the confidentiality provisions of s. 71.78 (1) ⁵⁵⁰ and 71.61 (5)(a). Any person violating this paragraph
 3 may be fined not less than \$25 nor more than \$500, or imprisoned in the county jail
 4 for not less than 10 days nor more than one year or both.

5 (f) *Financial institution liability.* A financial institution that provides
 6 information under par. (c) or (d) is not liable to any person for disclosing information
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 8 institution takes in good faith to comply with this subsection.

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 13 department may commence civil proceedings to enforce this subsection if a financial
 14 institution fails to provide any information required under par. (c) or (d) after 120
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 16 department requests the information.

17 **SECTION 9443. Effective dates; Revenue.**

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21 (END)

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1226/2dn

JK:bjl:ph

ebjk

Date

Please note that the last sentence of s. 71.91 (8) (b) provides that the "information required under pars. (c) and (d) shall be provided by electronic data exchange in the manner specified by the department by rule or by agreement between the department and the financial institution." Therefore, there is no need to add a similar sentence to either par. (c) or (d).

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1226/2dn
JK:bjl:rs

January 7, 2009

Please note that the last sentence of s. 71.91 (8) (b) provides that the "information required under pars. (c) and (d) shall be provided by electronic data exchange in the manner specified by the department by rule or by agreement between the department and the financial institution." Therefore, there is no need to add a similar sentence to either par. (c) or (d).

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1226/2

JK:hjk:rs

stays RMR

DOA:.....Lillethun, BB0298 - Financial institution data match

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

SA ✓

in 1-8-09

Inserts

do not gen.

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

This bill requires financial institutions to provide DOR with information about persons who hold accounts at the financial institutions so that DOR can determine if any of those accounts are held by persons who owe the state delinquent debts. Under current law, DOR may impose a levy on financial institutions to collect delinquent debts from the accounts of debtors.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 20.566 (1) (hc) of the statutes is created to read:

3 20.566 (1) (hc) *Collections from the financial record matching program.* From

4 moneys received from the collection of delinquent Wisconsin taxes and other debts

1 under s. 71.91, that are collected as a result of the program under s. 71.91 (8), a sum
2 sufficient to pay the costs incurred by the department of revenue and financial
3 institutions to match account holders at financial institutions to the department's
4 delinquent account database, as provided under s. 71.91 (8).

5 **SECTION 2.** 71.91 (8) of the statutes is created to read:

6 **71.91 (8) FINANCIAL RECORD MATCHING PROGRAM.** (a) *Definitions.* In this
7 subsection:

8 1. "Account" means a demand deposit account, checking account, negotiable
9 withdrawal order account, savings account, time deposit account, or money market
10 mutual fund account.

11 2. "Department" means the department of revenue.

12 3. "Financial institution" has the meaning given in s. 49.853 (1) (c).

13 4. "Ownership interest" has the meaning specified by the department by rule.

14 5. "Person" includes any individual, firm, partnership, limited liability
15 company, joint venture, joint stock company, association, public or private
16 corporation, estate, trust, receiver, personal representative, and other fiduciary, and
17 the owner of a single-owner entity that is disregarded as a separate entity under this
18 chapter.

19 (b) *Matching program agreements.* The department shall promulgate rules
20 specifying procedures under which the department shall enter into agreements with
21 financial institutions doing business in this state to operate the financial record
22 matching program under this subsection. The agreement shall require the financial
23 institution to participate in the financial record matching program under this
24 subsection by electing either the financial institution matching option under par. (c)
25 or the state matching option under par. (d). The information required under pars.

1 (c) and (d) shall be provided by electronic data exchange in the manner specified by
2 the department by rule or by agreement between the department and the financial
3 institution.

INSERT 3-3

4 (c) *Financial institution matching option.* If a financial institution with which
5 the department has an agreement under par. (b) elects to use the financial institution
6 matching option, the department shall provide to the financial institution, at least
7 quarterly, the names and social security numbers or federal employer identification
8 numbers of delinquent debtors. The financial institution shall match this
9 information against all accounts maintained at the financial institution. The
10 financial institution shall notify the department of the name, social security or
11 federal employer identification number, address, account number, account type, and
12 account balance of any person with ownership interest in any account that matches
13 any name or number provided by the department. The notice shall be provided in
14 a manner specified by the department by rule or by agreement between the
15 department and the financial institution.

16 (d) *State matching option.* If a financial institution with which the department
17 has an agreement under par. (b) elects to use the state matching option, the financial
18 institution shall provide to the department, at least quarterly, the name, social
19 security or federal employer identification number, address, account number,
20 account type, and account balance of all persons who have an ownership interest in
21 all accounts maintained at the financial institution. The department shall match the
22 information provided with its database of delinquent debtors. The department may
23 not disclose or retain information received from the financial institution concerning
24 account holders who are not delinquent debtors.

1 (e) *Confidentiality.* A financial institution participating in the financial
2 institution matching option under par. (c) and the employees, agents, officers, and
3 directors of the financial institution, may use any information provided by the
4 department only for the purpose of administering this subsection and shall be subject
5 to the confidentiality provisions of ss. 71.78 (1) and 77.61 (5) (a). Any person violating
6 this paragraph may be fined not less than \$25 nor more than \$500, or imprisoned in
7 the county jail for not less than 10 days nor more than one year or both.

8 (f) *Financial institution liability.* A financial institution that provides
9 information under par. (c) or (d) is not liable to any person for disclosing information
10 to the department under this subsection or for any other action that the financial
11 institution takes in good faith to comply with this subsection.

12 (g) *Penalty.* A financial institution that fails to provide any information
13 required under par. (c) or (d) within 120 days from either the date that the
14 information is due or from the date that the department requests the information
15 may be subject to a \$100 penalty for each instance of noncompliance. The
16 department may commence civil proceedings to enforce this subsection if a financial
17 institution fails to provide any information required under par. (c) or (d) after 120
18 days from either the date that the information is due or from the date that the
19 department requests the information.

20 **SECTION 9443. Effective dates; Revenue.**

21 (1) FINANCIAL RECORD MATCHING PROGRAM. The treatment of sections 20.566 (1)
22 (hc) and 71.91 (8) of the statutes takes effect on the first day of the 6th month
23 beginning after publication.

24 (END)

INSERT
4-15

**2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1226/3ins
JK:bjk.rs

Insert 3 - 3

ms 9/1
1 If the financial institution request reimbursement, the department shall
2 reimburse a financial institution for costs associated with participating in the
3 financial record matching program under this subsection in an amount not to exceed
4 \$125 for each calendar quarter that the institution participates in the program.

Insert 4 - 15

ms 9/1
5 occurrence of the financial institution's failure to provide account information
6 about an account holder

2009-11 LRB Draft Review

Date: January 8, 2009

LRB Number: 1226/2

Reviewed by: Catherine Bink

Brief Description of LRB Draft:

The Department of Revenue has the ability to levy financial institutions for the proceeds in accounts held by delinquent taxpayers. This proposal sets out a procedure to require financial institutions to match account holder information against a Wisconsin delinquent debtor database on a quarterly basis, and to provide to DOR information about delinquent debtors who have accounts at the financial institution.

Comments on Draft:

Draft will accomplish the intent, with changes noted below.

Changes Needed & Why:

Page 3, line 3, after "institution.", insert "The department shall reimburse a financial institution up to \$125 per quarter for participating in the financial record matching program under this section, if the financial institution requests reimbursement."

Page 4, line 15, insert "An instance refers to each occurrence of failure of the financial institution to provide account information about an account holder."

Change needed to clarify what an "instance" means.

Kreye, Joseph

From: Lillethun, Chad W - DOA [Chad.Lillethun@wisconsin.gov]
Sent: Tuesday, January 27, 2009 12:30 PM
To: Kreye, Joseph
Subject: FW: LRB Draft: 09-1226/3 Financial institution data match
Attachments: 09-1226/3.pdf

Joe, I think this is a pretty easy fix. Kirsten would like the appropriation changed from "sum sufficient" to an "all moneys received" appropriation. Her comments are below.

-Chad

In looking at the statutory language draft, at a minimum, we need to change the appropriation from a "sum sufficient" to an "all moneys received" appropriation.

Reasons:

- The funding source appears to be PR – sum sufficient doesn't work with PR because they should not have the authority to spend beyond the amount of revenue deposited in the appropriation. A sum sufficient would allow them to spend even if they never expect to have any revenue to support it. All moneys received limits the spending to the revenues they can show they will bring in within the fiscal year.
- The TRIP appropriation for debt collection is an "annual, amounts in the schedule; with an unencumbered balance lapsing as GPR-E at the end of each year." I'm not sure if there is a strong reason for this appropriation to not follow that same approach, but to smooth the implementation of the program, going with a "continuing, all moneys received" appropriation makes more sense.

I'll let you know if I have any other changes to the draft. Let me know if you have any questions.

Thanks,

Kirsten

From: Frantzen, Jean [mailto:Jean.Frantzen@legis.wisconsin.gov]
Sent: Friday, January 09, 2009 11:20 AM
To: Lillethun, Chad W - DOA
Cc: Grinde, Kirsten - DOA; Hanaman, Cathlene - LEGIS; Beadles, Kathleen - DOA
Subject: LRB Draft: 09-1226/3 Financial institution data match

Following is the PDF version of draft 09-1226/3.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1226/3

JK:bjk:jf

Stays

RMR

DOA:.....Lillethun, BB0298 - Financial institution data match

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

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do not gen.

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

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Note: bud

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 17 the owner of a single-owner entity that is disregarded as a separate entity under this
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 24 subsection by electing either the financial institution matching option under par. (c)
 25 or the state matching option under par. (d). The information required under pars.

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4 shall reimburse a financial institution for costs associated with participating in the
5 financial record matching program under this subsection in an amount not to exceed
6 \$125 for each calendar quarter that the institution participates in the program.

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23 account type, and account balance of all persons who have an ownership interest in
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25 information provided with its database of delinquent debtors. The department may

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2 account holders who are not delinquent debtors.

3 (e) *Confidentiality.* A financial institution participating in the financial
4 institution matching option under par. (c) and the employees, agents, officers, and
5 directors of the financial institution, may use any information provided by the
6 department only for the purpose of administering this subsection and shall be subject
7 to the confidentiality provisions of ss. 71.78 (1) and 77.61 (5) (a). Any person violating
8 this paragraph may be fined not less than \$25 nor more than \$500, or imprisoned in
9 the county jail for not less than 10 days nor more than one year or both.

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12 to the department under this subsection or for any other action that the financial
13 institution takes in good faith to comply with this subsection.

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15 required under par. (c) or (d) within 120 days from either the date that the
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17 may be subject to a \$100 penalty for each occurrence of the financial institution's
18 failure to provide account information about an account holder. The department may
19 commence civil proceedings to enforce this subsection if a financial institution fails
20 to provide any information required under par. (c) or (d) after 120 days from either
21 the date that the information is due or from the date that the department requests
22 the information.

23 **SECTION 9443. Effective dates; Revenue.**



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1226/4

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DOA:.....Lillethun, BB0298 - Financial institution data match

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 2-2-09

Do Not Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

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OTHER TAXATION

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3 20.566 (1) (hc) *Collections from the financial record matching program.* All

4 moneys received from the collection of delinquent Wisconsin taxes and other debts

From

-2-

No 11

Notwithstanding s. 20.001(3)(a), at the end of the fiscal year the unencumbered balance of this appropriation account lapses to the general fund.

1 under s. 71.91, that are collected as a result of the program under s. 71.91 (8), to pay
2 the costs incurred by the department of revenue and financial institutions to match
3 account holders at financial institutions to the department's delinquent account
4 database, as provided under s. 71.91 (8).

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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2 or the state matching option under par. (d). The information required under pars.
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5 institution. If the financial institution requests reimbursement, the department
6 shall reimburse a financial institution for costs associated with participating in the
7 financial record matching program under this subsection in an amount not to exceed
8 \$125 for each calendar quarter that the institution participates in the program.

9 (c) *Financial institution matching option.* If a financial institution with which
10 the department has an agreement under par. (b) elects to use the financial institution
11 matching option, the department shall provide to the financial institution, at least
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13 numbers of delinquent debtors. The financial institution shall match this
14 information against all accounts maintained at the financial institution. The
15 financial institution shall notify the department of the name, social security or
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17 account balance of any person with ownership interest in any account that matches
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23 institution shall provide to the department, at least quarterly, the name, social
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25 account type, and account balance of all persons who have an ownership interest in

1 all accounts maintained at the financial institution. The department shall match the
2 information provided with its database of delinquent debtors. The department may
3 not disclose or retain information received from the financial institution concerning
4 account holders who are not delinquent debtors.

5 (e) *Confidentiality.* A financial institution participating in the financial
6 institution matching option under par. (c) and the employees, agents, officers, and
7 directors of the financial institution, may use any information provided by the
8 department only for the purpose of administering this subsection and shall be subject
9 to the confidentiality provisions of ss. 71.78 (1) and 77.61 (5) (a). Any person violating
10 this paragraph may be fined not less than \$25 nor more than \$500, or imprisoned in
11 the county jail for not less than 10 days nor more than one year or both.

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13 information under par. (c) or (d) is not liable to any person for disclosing information
14 to the department under this subsection or for any other action that the financial
15 institution takes in good faith to comply with this subsection.

16 (g) *Penalty.* A financial institution that fails to provide any information
17 required under par. (c) or (d) within 120 days from either the date that the
18 information is due or from the date that the department requests the information
19 may be subject to a \$100 penalty for each occurrence of the financial institution's
20 failure to provide account information about an account holder. The department may
21 commence civil proceedings to enforce this subsection if a financial institution fails
22 to provide any information required under par. (c) or (d) after 120 days from either
23 the date that the information is due or from the date that the department requests
24 the information.

25 **SECTION 9443. Effective dates; Revenue.**

Kreye, Joseph

From: Lillethun, Chad W - DOA [Chad.Lillethun@wisconsin.gov]
Sent: Sunday, February 01, 2009 5:55 PM
To: Kreye, Joseph
Cc: Kraus, Jennifer - DOA; Hanaman, Cathlene; Grinde, Kirsten - DOA
Subject: Minor Change to 1226/4 FIDM Draft

Joe - We have a minor change request for the LRB 1226/4 draft. The draft creates an all moneys received PR appropriation for 566 (1) (hc) for the Financial Institution Data Matching program. Can you update the language to reflect an annual appropriation that lapses unencumbered balances at year end to the general fund? The structure would be similar to the language for the 566 (1) (h) appropriation for debt collection.

Thanks.

-Chad

02/02/2009

Kreye, Joseph

From: Grinde, Kirsten - DOA [kirsten.grinde@wisconsin.gov]
Sent: Monday, February 02, 2009 8:45 PM
To: Kreye, Joseph
Cc: Hanaman, Cathlene; Kraus, Jennifer - DOA; Lillethun, Chad W - DOA
Subject: FW: LRB Draft: 09-1226/5 Financial institution data match
Attachments: 09-1226/5.pdf

Joe,

Sorry for another change. In the attached draft, the new appropriation (s. 20.566 (1) (hc)) should have the phrase "the amounts in the schedule" added in front of "to pay" (page 2, line 1).

Thanks,

Kirsten

From: Schlueter, Ron [mailto:Ron.Schlueter@legis.wisconsin.gov]
Sent: Monday, February 02, 2009 12:47 PM
To: Lillethun, Chad W - DOA
Cc: Grinde, Kirsten - DOA; Hanaman, Cathlene - LEGIS; Beadles, Kathleen - DOA
Subject: LRB Draft: 09-1226/5 Financial institution data match

Following is the PDF version of draft 09-1226/5.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1226/5
JK:bjk&wlj:rs

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RM met R

DOA:.....Lillethun, BB0298 - Financial institution data match

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

2-3-09
M

1 don't gen ✓
AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

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OTHER TAXATION

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the amounts in the schedule ✓

1 under s. 71.91, that are collected as a result of the program under s. 71.91 (8), to pay
2 the costs incurred by the department of revenue and financial institutions to match
3 account holders at financial institutions to the department's delinquent account
4 database, as provided under s. 71.91 (8). Notwithstanding s. 20.001 (3) (a), at the end
5 of the fiscal year the unencumbered balance of this appropriation account lapses to
6 the general fund.

✓
****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

7 **SECTION 2.** 71.91 (8) of the statutes is created to read:

8 **71.91 (8) FINANCIAL RECORD MATCHING PROGRAM.** (a) *Definitions.* In this
9 subsection:

10 1. "Account" means a demand deposit account, checking account, negotiable
11 withdrawal order account, savings account, time deposit account, or money market
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13 2. "Department" means the department of revenue.

14 3. "Financial institution" has the meaning given in s. 49.853 (1) (c).

15 4. "Ownership interest" has the meaning specified by the department by rule.

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20 chapter.

21 (b) *Matching program agreements.* The department shall promulgate rules
22 specifying procedures under which the department shall enter into agreements with
23 financial institutions doing business in this state to operate the financial record

1 matching program under this subsection. The agreement shall require the financial
2 institution to participate in the financial record matching program under this
3 subsection by electing either the financial institution matching option under par. (c)
4 or the state matching option under par. (d). The information required under pars.
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11 (c) *Financial institution matching option.* If a financial institution with which
12 the department has an agreement under par. (b) elects to use the financial institution
13 matching option, the department shall provide to the financial institution, at least
14 quarterly, the names and social security numbers or federal employer identification
15 numbers of delinquent debtors. The financial institution shall match this
16 information against all accounts maintained at the financial institution. The
17 financial institution shall notify the department of the name, social security or
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19 account balance of any person with ownership interest in any account that matches
20 any name or number provided by the department. The notice shall be provided in
21 a manner specified by the department by rule or by agreement between the
22 department and the financial institution.

23 (d) *State matching option.* If a financial institution with which the department
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1 security or federal employer identification number, address, account number,
2 account type, and account balance of all persons who have an ownership interest in
3 all accounts maintained at the financial institution. The department shall match the
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24 to provide any information required under par. (c) or (d) after 120 days from either

1 the date that the information is due or from the date that the department requests
2 the information.

3 **SECTION 9443. Effective dates; Revenue.**

4 (1) FINANCIAL RECORD MATCHING PROGRAM. The treatment of sections 20.566 (1)
5 (hc) and 71.91 (8) of the statutes takes effect on the first day of the 6th month
6 beginning after publication.

7 (END)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1226/6
JK:bjk&wlj:rs

DOA:.....Lillethun, BB0298 - Financial institution data match

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

This bill requires financial institutions to provide DOR with information about persons who hold accounts at the financial institutions so that DOR can determine if any of those accounts are held by persons who owe the state delinquent debts. Under current law, DOR may impose a levy on financial institutions to collect delinquent debts from the accounts of debtors.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 **SECTION 1.** 20.566 (1) (hc) of the statutes is created to read:

3 20.566 (1) (hc) *Collections from the financial record matching program.* From

4 moneys received from the collection of delinquent Wisconsin taxes and other debts

1 under s. 71.91, that are collected as a result of the program under s. 71.91 (8), the
2 amounts in the schedule to pay the costs incurred by the department of revenue and
3 financial institutions to match account holders at financial institutions to the
4 department's delinquent account database, as provided under s. 71.91 (8).
5 Notwithstanding s. 20.001 (3) (a), at the end of the fiscal year the unencumbered
6 balance of this appropriation account lapses to the general fund.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

7 **SECTION 2.** 71.91 (8) of the statutes is created to read:

8 **71.91 (8) FINANCIAL RECORD MATCHING PROGRAM.** (a) *Definitions.* In this
9 subsection:

10 1. "Account" means a demand deposit account, checking account, negotiable
11 withdrawal order account, savings account, time deposit account, or money market
12 mutual fund account.

13 2. "Department" means the department of revenue.

14 3. "Financial institution" has the meaning given in s. 49.853 (1) (c).

15 4. "Ownership interest" has the meaning specified by the department by rule.

16 5. "Person" includes any individual, firm, partnership, limited liability
17 company, joint venture, joint stock company, association, public or private
18 corporation, estate, trust, receiver, personal representative, and other fiduciary, and
19 the owner of a single-owner entity that is disregarded as a separate entity under this
20 chapter.

21 (b) *Matching program agreements.* The department shall promulgate rules
22 specifying procedures under which the department shall enter into agreements with
23 financial institutions doing business in this state to operate the financial record

1 matching program under this subsection. The agreement shall require the financial
2 institution to participate in the financial record matching program under this
3 subsection by electing either the financial institution matching option under par. (c)
4 or the state matching option under par. (d). The information required under pars.
5 (c) and (d) shall be provided by electronic data exchange in the manner specified by
6 the department by rule or by agreement between the department and the financial
7 institution. If the financial institution requests reimbursement, the department
8 shall reimburse a financial institution for costs associated with participating in the
9 financial record matching program under this subsection in an amount not to exceed
10 \$125 for each calendar quarter that the institution participates in the program.

11 (c) *Financial institution matching option.* If a financial institution with which
12 the department has an agreement under par. (b) elects to use the financial institution
13 matching option, the department shall provide to the financial institution, at least
14 quarterly, the names and social security numbers or federal employer identification
15 numbers of delinquent debtors. The financial institution shall match this
16 information against all accounts maintained at the financial institution. The
17 financial institution shall notify the department of the name, social security or
18 federal employer identification number, address, account number, account type, and
19 account balance of any person with ownership interest in any account that matches
20 any name or number provided by the department. The notice shall be provided in
21 a manner specified by the department by rule or by agreement between the
22 department and the financial institution.

23 (d) *State matching option.* If a financial institution with which the department
24 has an agreement under par. (b) elects to use the state matching option, the financial
25 institution shall provide to the department, at least quarterly, the name, social

1 security or federal employer identification number, address, account number,
2 account type, and account balance of all persons who have an ownership interest in
3 all accounts maintained at the financial institution. The department shall match the
4 information provided with its database of delinquent debtors. The department may
5 not disclose or retain information received from the financial institution concerning
6 account holders who are not delinquent debtors.

7 (e) *Confidentiality.* A financial institution participating in the financial
8 institution matching option under par. (c) and the employees, agents, officers, and
9 directors of the financial institution, may use any information provided by the
10 department only for the purpose of administering this subsection and shall be subject
11 to the confidentiality provisions of ss. 71.78 (1) and 77.61 (5) (a). Any person violating
12 this paragraph may be fined not less than \$25 nor more than \$500, or imprisoned in
13 the county jail for not less than 10 days nor more than one year or both.

14 (f) *Financial institution liability.* A financial institution that provides
15 information under par. (c) or (d) is not liable to any person for disclosing information
16 to the department under this subsection or for any other action that the financial
17 institution takes in good faith to comply with this subsection.

18 (g) *Penalty.* A financial institution that fails to provide any information
19 required under par. (c) or (d) within 120 days from either the date that the
20 information is due or from the date that the department requests the information
21 may be subject to a \$100 penalty for each occurrence of the financial institution's
22 failure to provide account information about an account holder. The department may
23 commence civil proceedings to enforce this subsection if a financial institution fails
24 to provide any information required under par. (c) or (d) after 120 days from either

1 the date that the information is due or from the date that the department requests
2 the information.

3 **SECTION 9443. Effective dates; Revenue.**

4 (1) FINANCIAL RECORD MATCHING PROGRAM. The treatment of sections 20.566 (1)
5 (hc) and 71.91 (8) of the statutes takes effect on the first day of the 6th month
6 beginning after publication.

7 (END)