

**1999 DRAFTING REQUEST**

**Bill**

Received: **11/20/98**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Frank Lasee (608) 266-9870**

By/Representing: **Mark**

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

Drafter: **shoveme**

May Contact: **DOR**

Alt. Drafters:

Subject: **Tax - corp. inc. and fran.  
Tax - individual income  
Tax - miscellaneous**

Extra Copies:

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**Topic:**

Create a web site that posts information about delinquent taxpayers

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**Instructions:**

Require DOR to create a WEB site that lists the "top 100" delinquent taxpayer accounts. See attached.

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**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>
/1	shoveme 01/20/99	jgeller 01/20/99	hhagen 01/21/99	_____	lrb_docadmin 01/21/99	lrb_docadminState 01/25/99	

FE Sent For (01/25/99.)  
(5/1")

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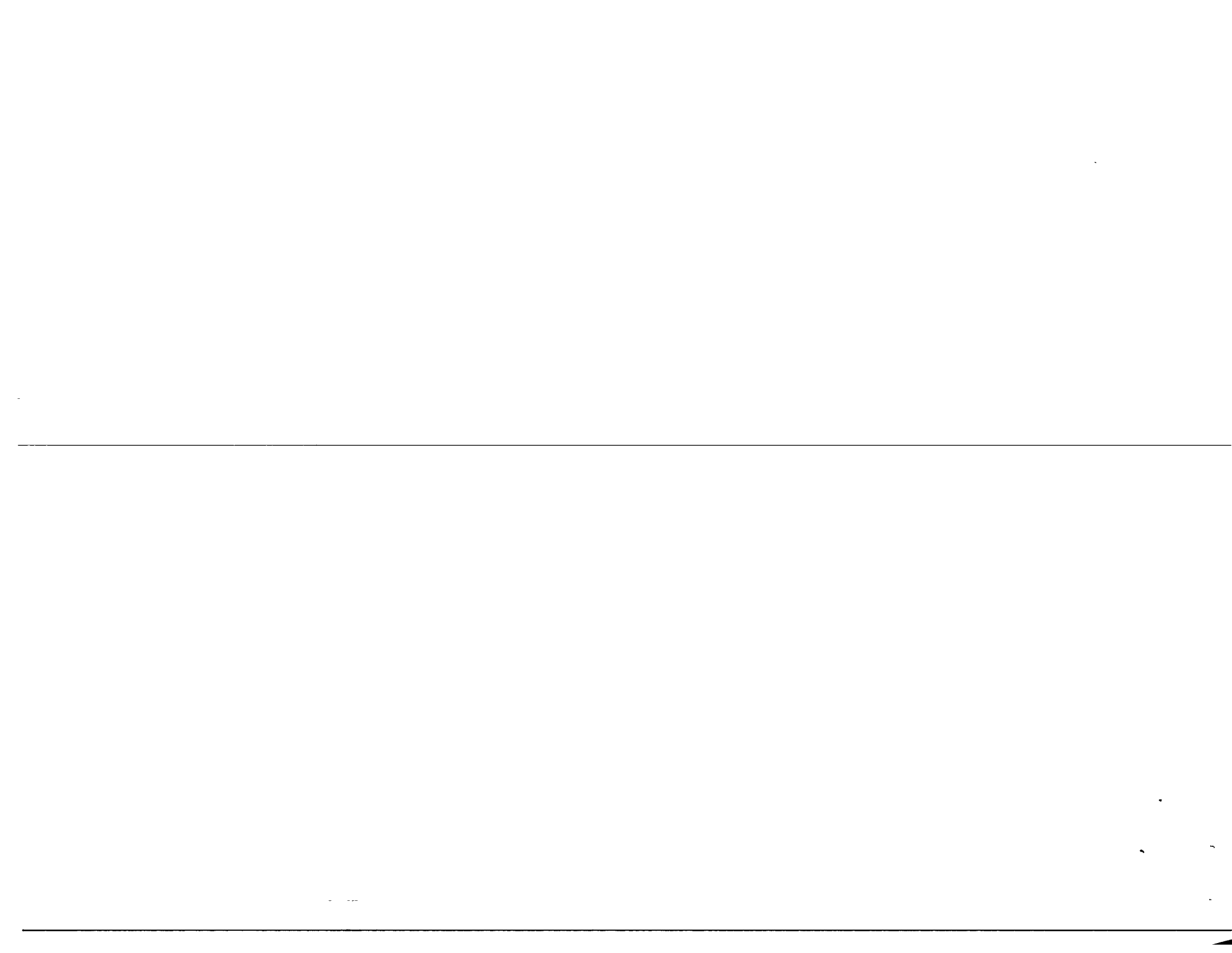
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/1	shoveme 01/20/99	ygeller 01/20/99	hhagen 01/21/99	_____	lrb_docadmin 01/21/99		State

FE Sent For:

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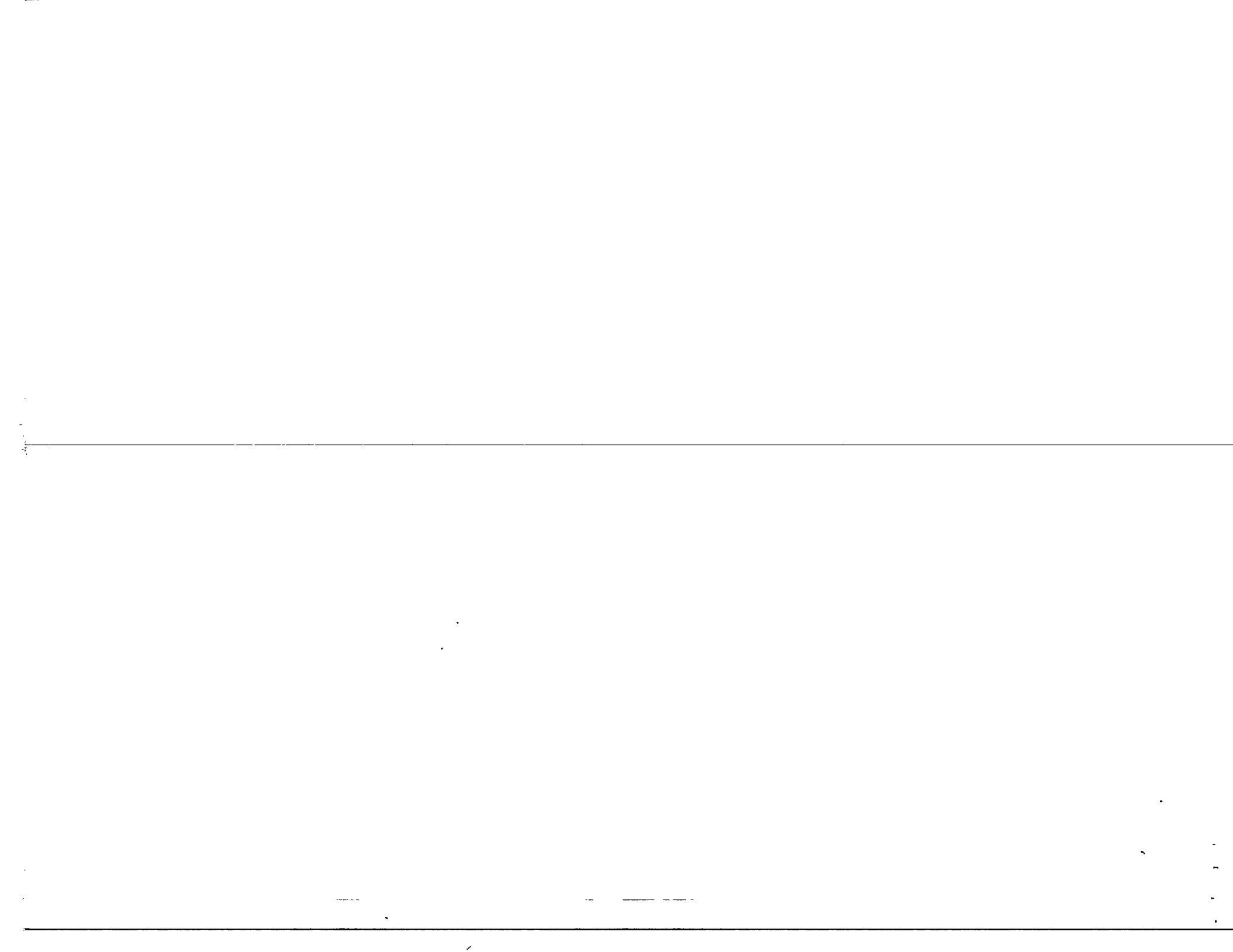
Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

1?      shoveme      1/20/99      1/21      1/21

1/1 MES 1/20/99

FE Sent For:

<END>



## **Shovers, Marc**

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**From:** Wadium, Mark  
**Sent:** Tuesday, November 17, 1998 1:54 PM  
**To:** Shovers, Marc  
**Subject:** Drafting

Attached is an early version of the taxpayer web site proposal. If you want more information please call me and I'll send over my file on this topic or try looking at the State of Connecticut site. The site is located at [www.state.ct.us/drs/delinq/junt100.html](http://www.state.ct.us/drs/delinq/junt100.html). I also have a contact person in the Connecticut Department of Revenue Services who is helpful. She is Patricia Hicks (860)297-5962.

Feel free to call me with anything that I may have left out.

Thanks,  
Mark.

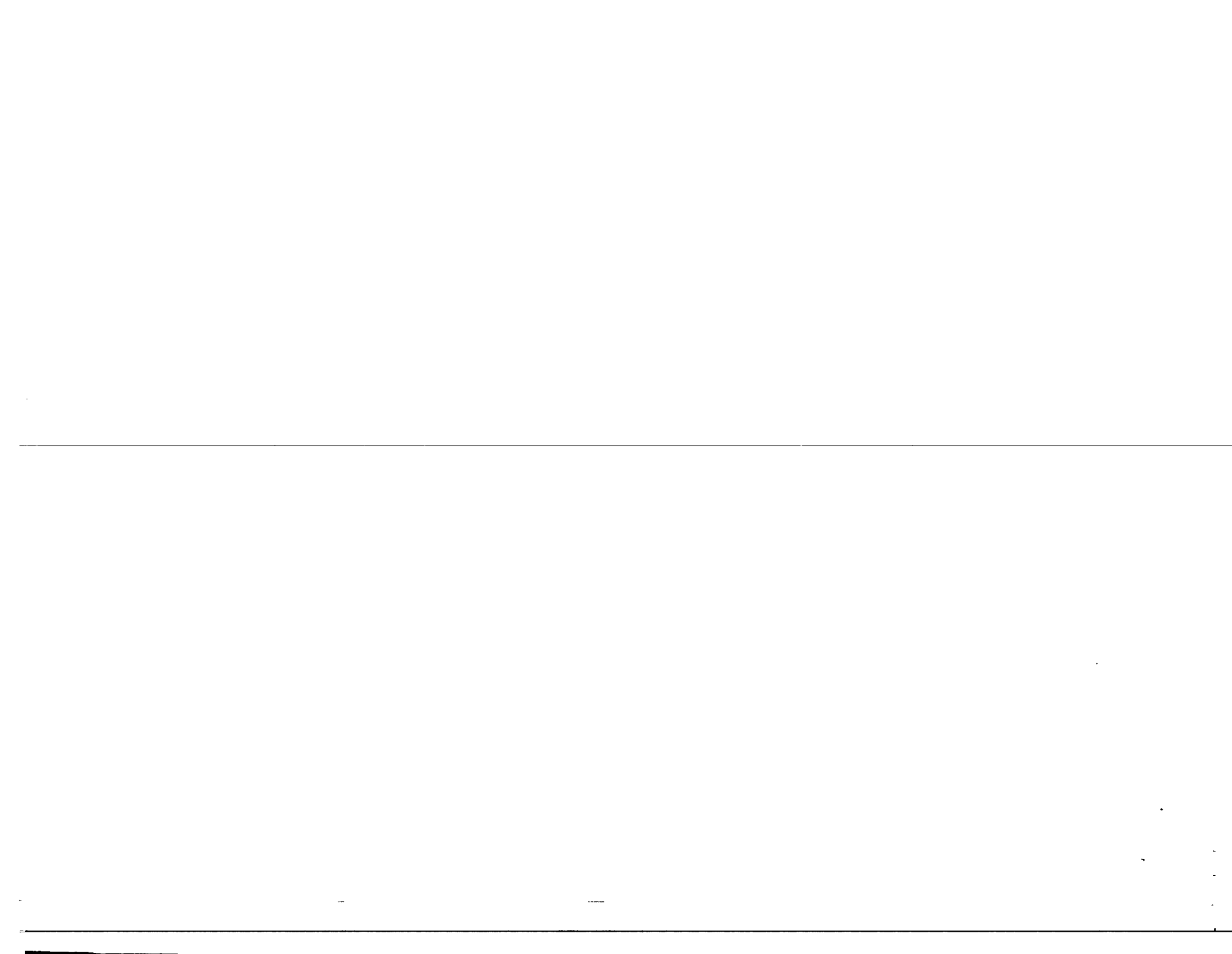


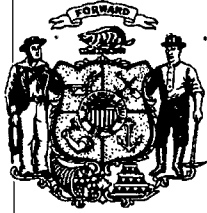
TaxpayerWedSite8-98

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6-9871







## **Representative Frank Lasee**

Phone: (608) 266-9870 or (920) 406-9488 ~ Fax (608) 282-3602 ~ Rep.Lasee@legis.state.wi.us

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FOR IMMEDIATE RELEASE - August , 1998

### **Lasee Proposes Delinquent Taxpayer Web Site**

Representative Frank Lasee (R-Bellevue) announced today his plan to get deadbeat taxpayers to pay up. The proposal is for the Department of Revenue to post the names and addresses of the top 100 delinquent taxpayer accounts on a web site.

“Those who owe the state money should be subject to public shame,” says Lasee. “It is not fair to the 95 percent of those who pay their taxes to hide the names of those who don’t”.

Delinquent taxpayers listed would include businesses and individuals. That list would include the names, addresses, tax type and amount due. The list of delinquent taxes would be for taxes unpaid for a period greater than 90 days after all appeal rights have expired.

Lasee’s proposal is current law in the state of Connecticut. Patricia Hicks of the Connecticut Department of Revenue Services said “it is amazing how fast people and businesses pay their back taxes once their names are in print. Even when repeated phone calls were made and didn’t work, posting their name and address on the web site gets them to pay up.” Hicks estimates that the new law has brought in \$30 million in overdue taxes to Connecticut. The Connecticut web site is located at [www.state.ct.us/drs/delinq/junt100.html](http://www.state.ct.us/drs/delinq/junt100.html).

Lasee believes that adopting the delinquent taxpayer web site in Wisconsin is a viable alternative to offering tax amnesty programs. “Having the name of the 100 top delinquent tax payers published is the modern equivalent of pillars and stocks,” states Lasee.

-end-





GENE GAVIN  
COMMISSIONER

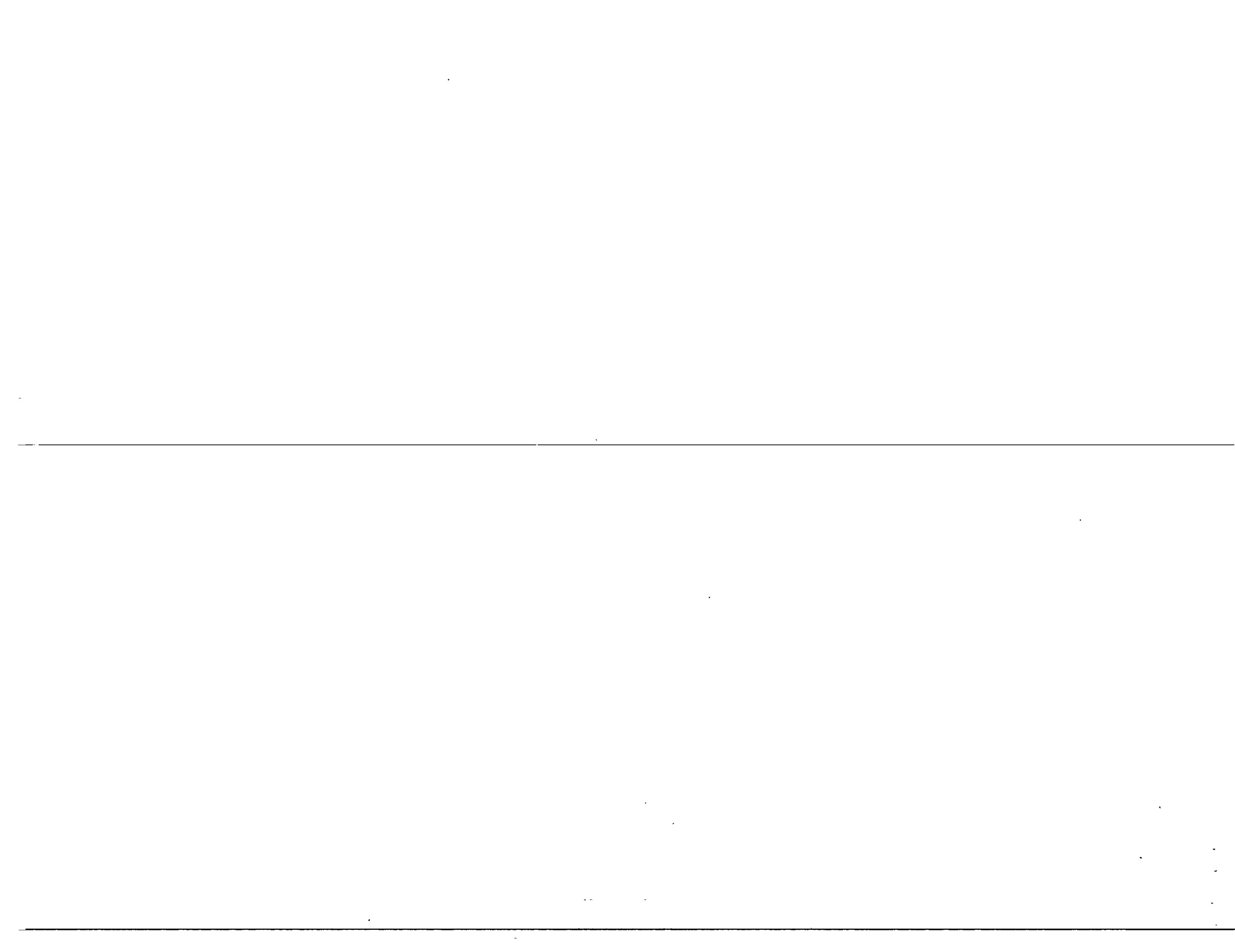
# STATE OF CONNECTICUT

DEPARTMENT OF REVENUE SERVICES



## Internet Top 100 Delinquency List Data and Fact Sheet          June 24, 1998

- “Public Stockade of the cyber age!” — Commissioner Gene Gavin
- “Cybershame is working, better than we ever expected.”
- Honest taxpayers support it. They know who deadbeats are, are glad we are going after them!
- Over 800 accounts have been eligible for listing since January 1997.
- In 18 months of Internet publication:
  - Collected \$28 million in overdue tax debts;
  - Anticipate \$12 million in revenues from payment plans already in place.
  - Cleared from the list 300 top dollar overdue accounts of the 800 that have been eligible for publication (highest dollar delinquent accounts).
- Positively impacted all tax receipts:
  - Reduced inventory of accounts receivable by one third (prior to Internet Top 100 List, average monthly delinquent billing went to over 60,000 taxpayers. Today it as 40,000.
  - Additional tool for our revenue agents to use to bring taxpayers into compliance.
  - Taxpayers know we won’t ignore their overdue bills — cheating on taxes is no longer “a gentleman’s sport” in Connecticut.
  - More and more people tell us they are using the list as a reference for doing business — they don’t want to deal with tax cheats!
- 22 States have contacted us to find out details of how we were able to launch the list; also the Province of Ontario and a district of the IRS.





# State of Connecticut

## DEPARTMENT OF REVENUE SERVICES

*File - Future leg.**good idea*

### About the Top 100 Delinquent Taxpayer Accounts...

Connecticut General Statutes Section 12-7a requires the Commissioner of Revenue Services to prepare and maintain a list of delinquent state taxes unpaid for a period greater than 90 days after all appeal rights have expired. That list, including the names, addresses, tax type and amount due (tax, interest and penalties), must be available to the public for inspection by any person. The complete list of these delinquent taxpayers is available for public inspection at the Department of Revenue Services (DRS), 25 Sigourney Street, Hartford, Connecticut.

The Top 100 Delinquent Taxpayer List will next be updated (i.e., deletions and/or additions) mid July.

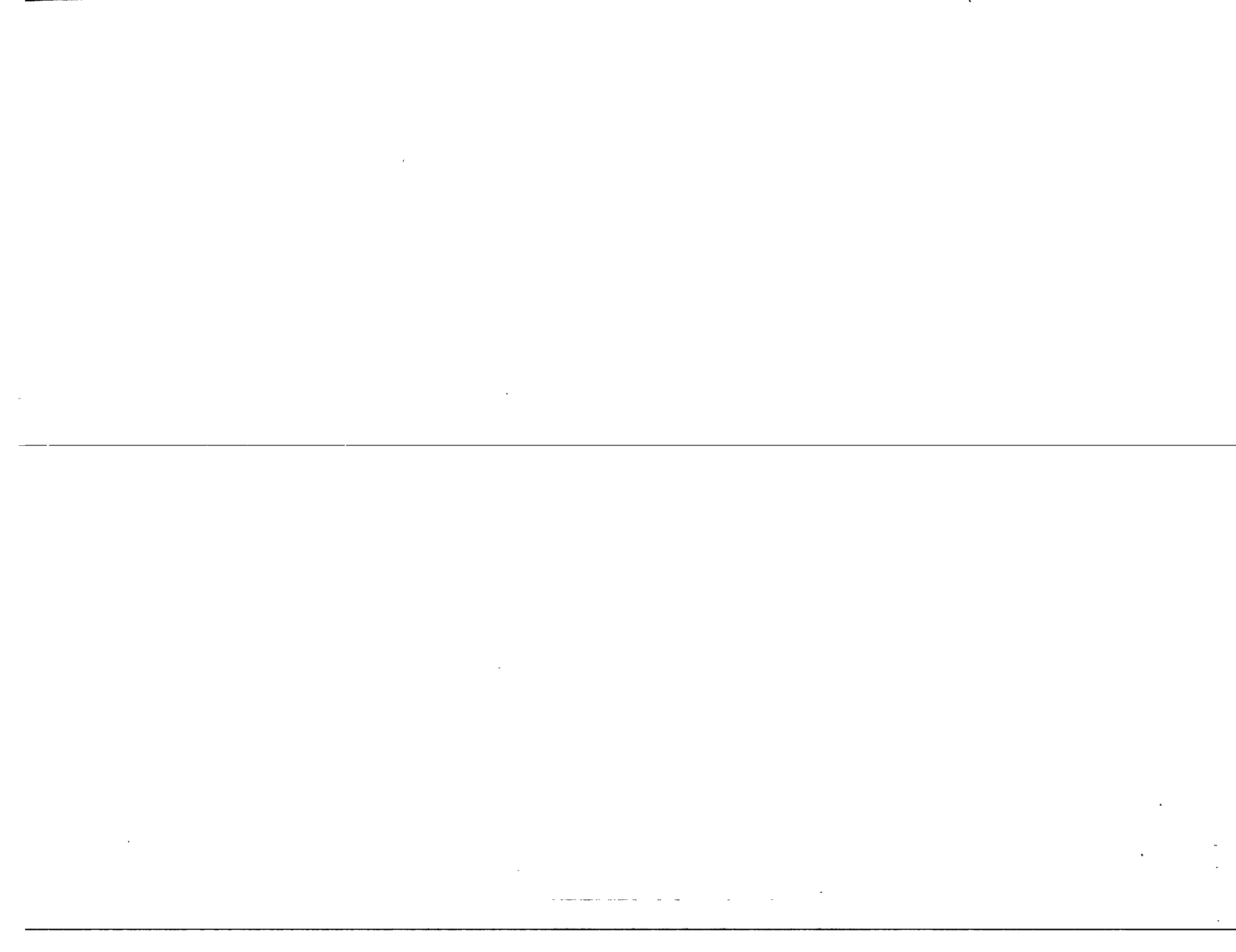
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## Top 100 Delinquent Taxpayer Accounts

### Deficient in Excess of 90 Days as of June 1, 1998

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GRAY LEELAND F & KAREN R STAMFORD CT	CAPITAL GAINS	247 CHESTNUT HILL \$570,246.40
EMPLOYEE STAFFING OF AMER MILFORD CT	SALES	102 NEW HAVEN AVE \$561,672.24
SCHIAVONE CORPORATION THE NEW HAVEN CT	CORPORATION	1032 CHAPEL ST \$435,355.64
LOUIS WADE COMPANY INC GLASTONBURY CT	CORPORATION	PO BOX 1420 \$313,019.62
AMITY CONSTRUCTION & DESI HAMDEN CT	CORPORATION	2693 WHITNEY AVE \$304,799.77
CARRABBA OB GYN ASSOCIATE ROCKY HILL CT	CORPORATION	546 CROMWELL AVE \$296,373.44
FAR ONE INVESTMENT INC HARTFORD CT	SANCUTUARY CAFE ADC	PO BOX 4222 \$270,838.31
FREE SPIRIT MARINE CORP O MADISON CT	SALES	178 COTTAGE RD \$194,943.65
JOAN RIVERS PRODUCTS INC YORK TOWER HEIGHTS NY	CORPORATION	1005 CHAPMAN ST \$172,897.10





GENE GAVIN  
COMMISSIONER

# STATE OF CONNECTICUT

## DEPARTMENT OF REVENUE SERVICES



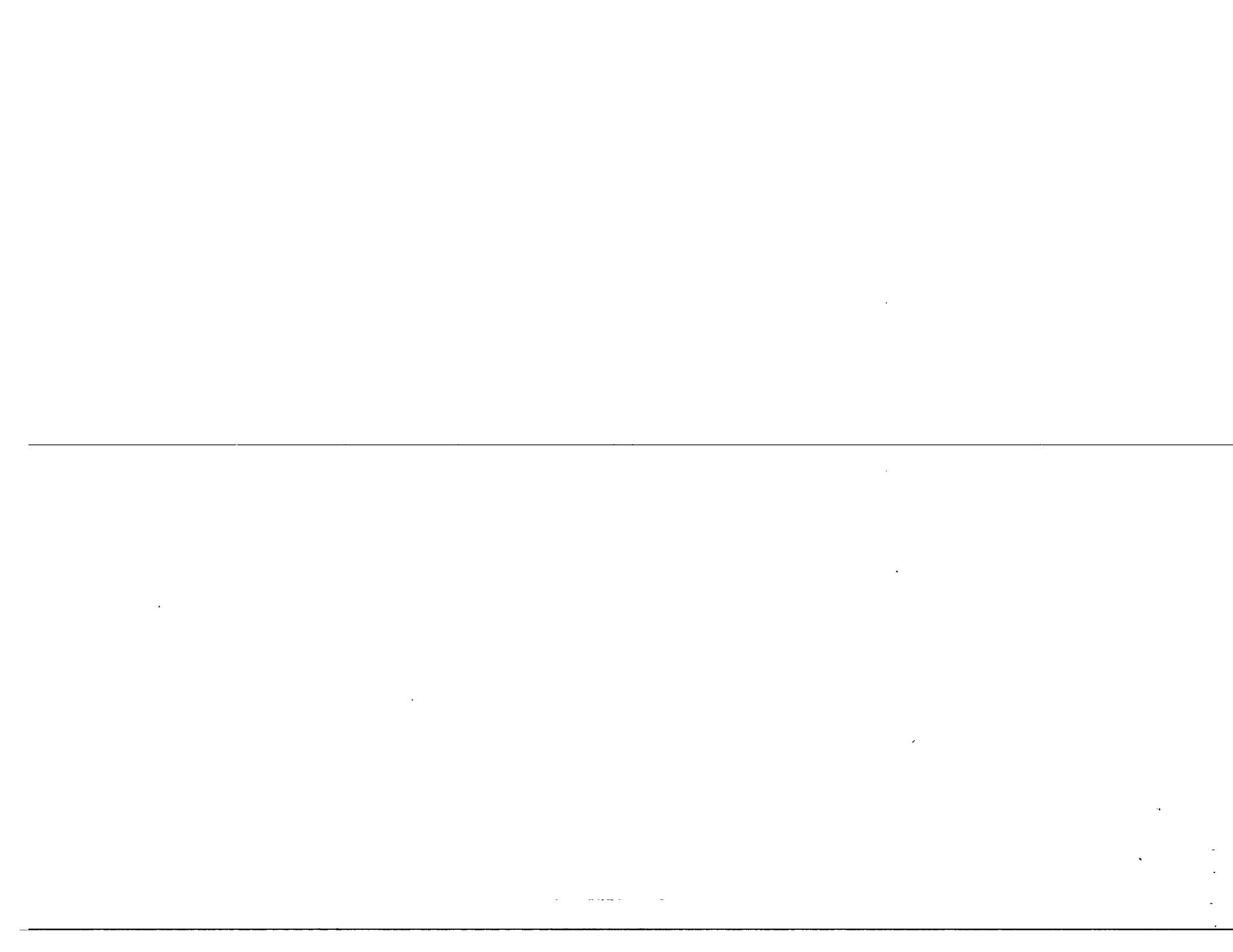
### MONTHLY CYCLE FOR INTERNET TOP 100 DEFICIENCY LIST

- The list will have the header "accounts deficient in excess of 90 days," although it will actually be run from the 120-day deficient code. This is to ensure that taxpayers have the full 30 days *after* the 60 day bill in which to have their account credited.
- The accounts appearing on the list will receive a certified letter alerting them to the appearance of their name on the list and giving them one more opportunity to come forward by phoning within ten business days (phone number and revenue agent contact name included).
- We will do a trial run of the list only for December's posting. This means that the list will only appear on the "working sector" of the Internet and will only be accessible to DRS. The list will go "public" no later than the second Wednesday in January.
- A disclaimer will be posted on the Web page stating that the list does not reflect payments received after a certain date, and names will remain on the list until the next monthly refresher of the list.

#### MONTHLY STEPS:

- STEP 1. Top 200 deficient accounts by dollar amount due (tax, penalty and interest) are pulled after the billing run at close of business hours on last working day of each month.
- STEP 2. Certified letters are generated over Commissioner's signature by Information Services staff. Taxpayer's are given ten business days to phone responsible revenue agent, C&E Division. His name and phone number are specified. These calls can also be handled by two backup agents.
- STEP 3. Print copies of Top 200 deficiency list are immediately distributed to six designated unit representatives for manual screening (Audit, Appellate, Operations, Penalty Waiver, Legal, Commissioner).
- STEP 4. Designated representatives have five working days to report any accounts to be removed or to report no removals to responsible revenue agent in C&E. "Judgment calls" will be forwarded up the "ladder" and, if necessary, the Commissioner.
- STEP 5. Responsible revenue agent finalizes the 100 accounts to be published and notifies Information Services that it is ready for transfer the list to Web page.
- STEP 6. Information Services staff transfers list to test site and notifies responsible revenue agent that it is available. Agent notifies appropriate team members.
- STEP 7. Test site is verified ASAP and list is moved to public Web site. Commissioner's Office is notified.





**STEP 8.** E-mail concerning the Top 100 list that is addressed to DRS will follow DRS established policies:

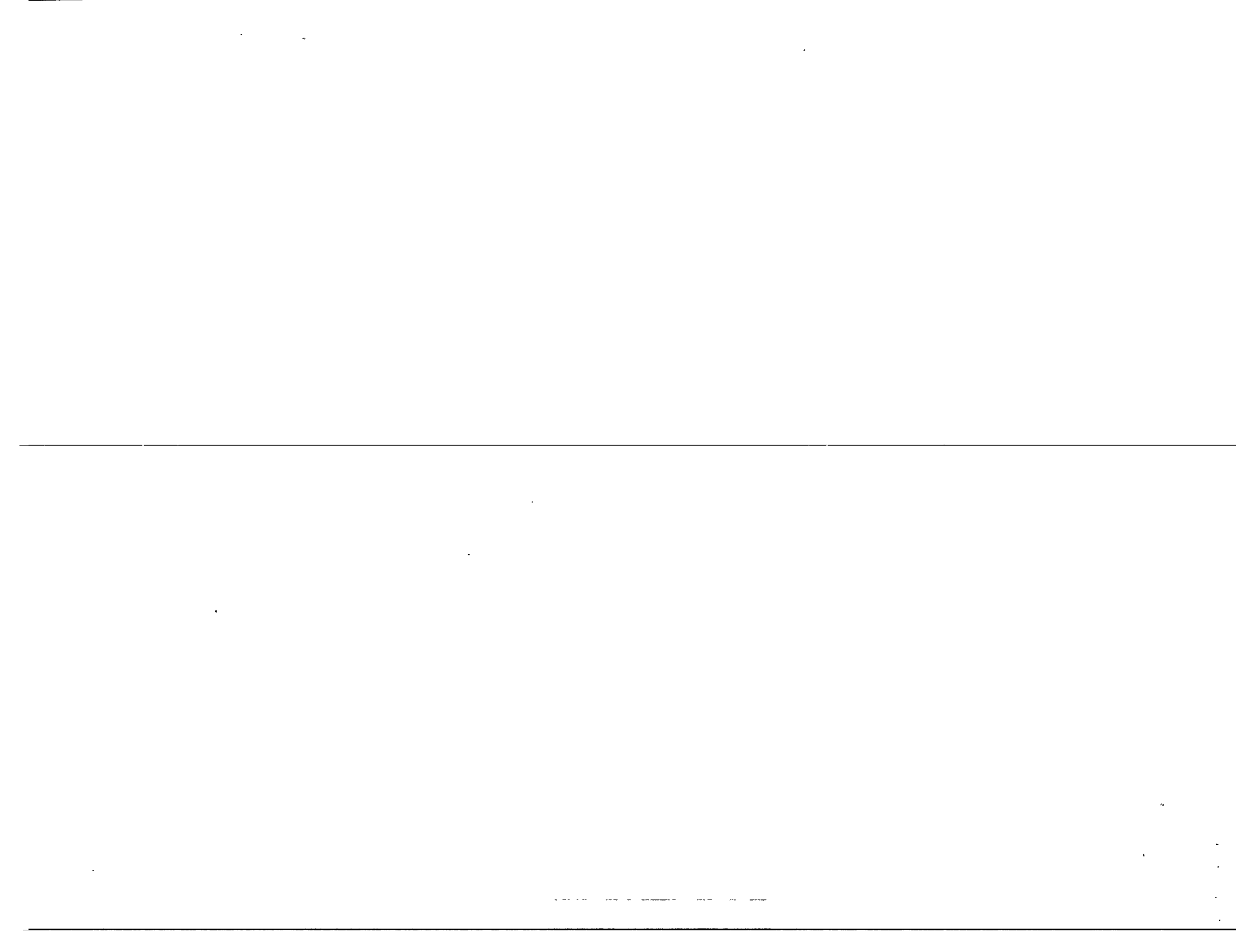
- Taxpayer Services will distribute e-mail to appropriate offices.
- Account inquiries will be forwarded to appropriate internal offices.
- Media inquiries will be handled by Commissioner's Office agency Spokesperson.

(The same procedures apply to telephone and mail communications, whether they are received in the Commissioner's Office, Taxpayer Services or other Agency division.)

**REMOVALS:**

Accounts may be removed from publication (these still remain on the Agency billing system) for any of the following reasons:

- A unit has current personal contact with the taxpayer and resolution on payment is being arranged (even if not finalized).
- An account has appeared on the Web for three or more consecutive months and our agents have verified that:
  - an active bankruptcy proceeding has been initiated;
  - a bankruptcy proceeding has been completed and no assets are available to pay account;
  - the certified letters have been undeliverable for three consecutive months, but not "refused" by addressee (these are forwarded for special handling by C&E Division); and
  - C&E agents have determined the account is not collectible per statutory or regulation-based reasons and will pursue formal abatement of the tax debt.





# STATE OF CONNECTICUT

## DEPARTMENT OF REVENUE SERVICES

TWENTY-FIVE SIGOURNEY STREET

HARTFORD, CONNECTICUT 06106

June 9, 1997

[REDACTED]

CT Tax Registration Number: [REDACTED]  
Tax Type: INCOME TAX

### NOTICE OF PUBLICATION OF TAX DELINQUENTS

Dear Taxpayer:

On January 15, 1997, the Connecticut Department of Revenue Services (DRS) began publishing on the World Wide Web the names of 100 taxpayers owing the largest amounts of Connecticut taxes. DRS is required by statute to publish the names of all taxpayers whose accounts are delinquent for greater than 90 days and who have exhausted all appeal rights.

According to our records, the taxpayer name and account shown above may be included on the June listing. Once posted, the list will remain on the Web for a period of thirty days.

To avoid publication of this taxpayer name and account, you **MUST** contact DRS prior to **June 16, 1997** to make full payment or to arrange a payment plan agreement. If you believe that you have received this notice in error, please contact us immediately. **Please call DRS Revenue Agent Kenneth P. Corrigan at 860-297-5899 to arrange for payment or request other action on this notice.**

This is your final notice prior to publication. Thank you for your cooperation.

Sincerely,

Gene Gavin  
Commissioner of Revenue Services



# STATE/REGION

## State's biggest overdue tax bills hit the Internet

By The Associated Press

HARTFORD — Posting a list of the state's top 100 delinquent taxpayers on the Internet has helped collect \$40 million in back taxes, according to the state's tax commissioner.

"In Connecticut tax evasion is no longer a gentleman's sport. Connecticut is taking advantage of the cyberspace. Cybershame is working," Commissioner Gene Gavin said.

The Department of Revenue Services first

posted its list of tax scofflaws in January 1997 on the state's World Wide Web site.

Since then, the state has collected \$28 million in cash and \$12 million in negotiated payment plans, while the number of tax delinquents has been reduced from 60,000 to 40,000 people and businesses who owe \$72 million, Gavin said.

"It's been a win, win, win for the state of Connecticut," he said. "It doesn't cost us a dime to collect this money. Before we attempted to do this, my agency considered

them dead accounts."

The names of tax delinquents are not posted until 90 days after their appeal rights have expired. Also, certified letters are sent telling them that the information will be public on the Internet if they do not pay.

Officials from 22 other states, the Internal Revenue Service, and Ontario, Canada, have called, asking how the state set up its list and how it works, Gavin said.

The Internet address for the list is: [www.state.ct.us/drs](http://www.state.ct.us/drs).



FC\*5-DIGIT 06106  
ES 898045/6#  
DEPT REVENUE SVCS  
GAVIN

COURNEY ST  
3RD CT 06106

# THE WALL STREET JOURNAL.

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ONES

VOL CCXXI NO. 122 EE'CP \*\*\*

WEDNESDAY, JUNE 24, 1998

INTERNET ADDRESS: <http://wsj.com>

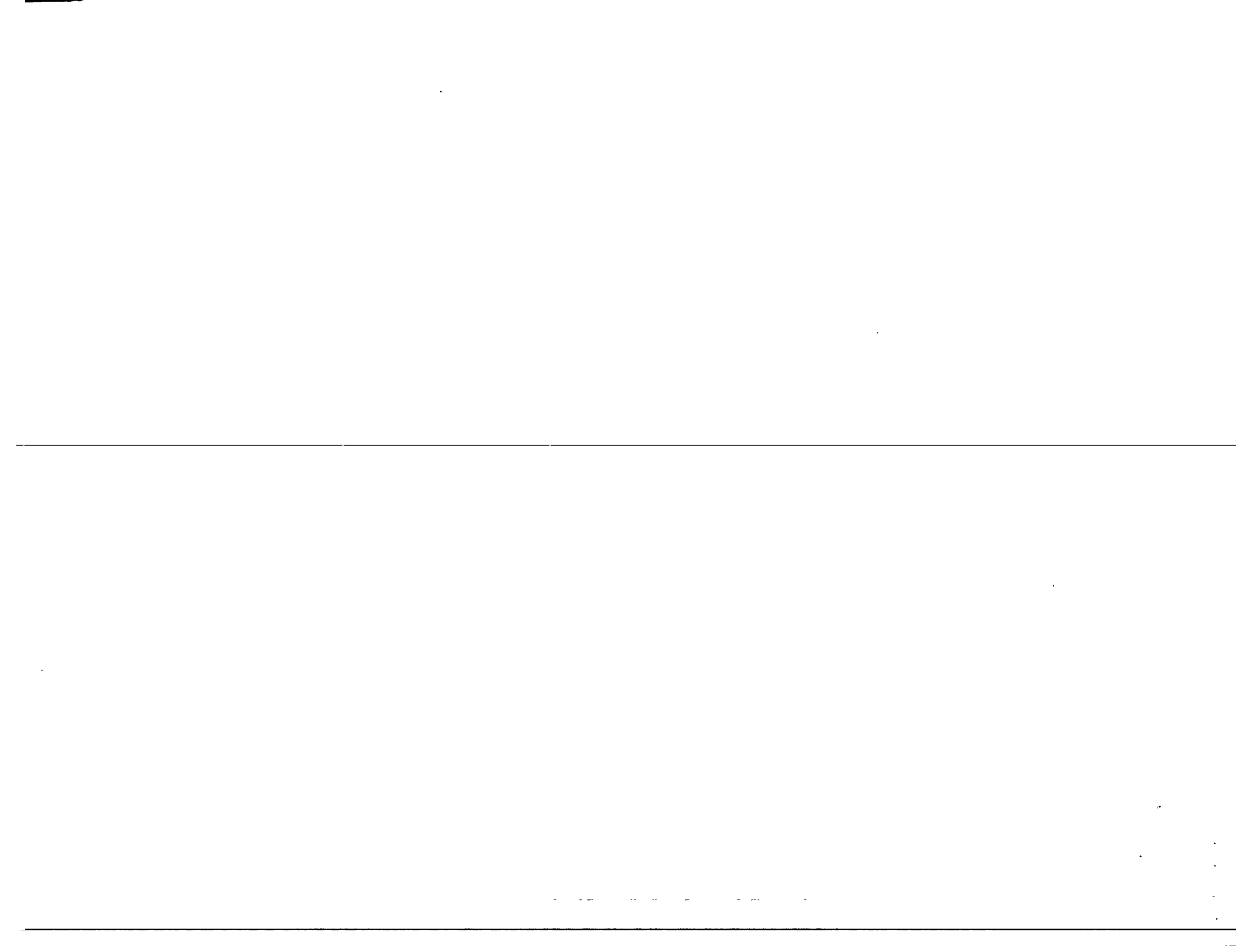
... 75 C

## Tax Report

A Special Summary and Forecast  
Of Federal and State Tax  
Developments

**HUMILIATION WORKS:** Connecticut has collected more than \$28 million in overdue taxes since 1997 as a result of its monthly posting on the Web of the names of the 100 taxpayers owing the largest tax debts. An additional \$12 million is expected as people complete payment plans, says Gene Gavin, the state's tax commissioner. "Cyber shame" works, he says.







STATE OF CONNECTICUT  
DEPARTMENT OF  
REVENUE SERVICES

25 Sigourney Street  
Hartford CT 06106-5032

# **MEDIA RELEASE**

Contact: Ellen R. Schneider  
(860) 297-5610  
e-mail: [ellen.schneider@po.state.ct.us](mailto:ellen.schneider@po.state.ct.us)

DRS Home Page: <http://www.state.ct.us/drs>

## **For Immediate Release**

Wednesday, April 1, 1998

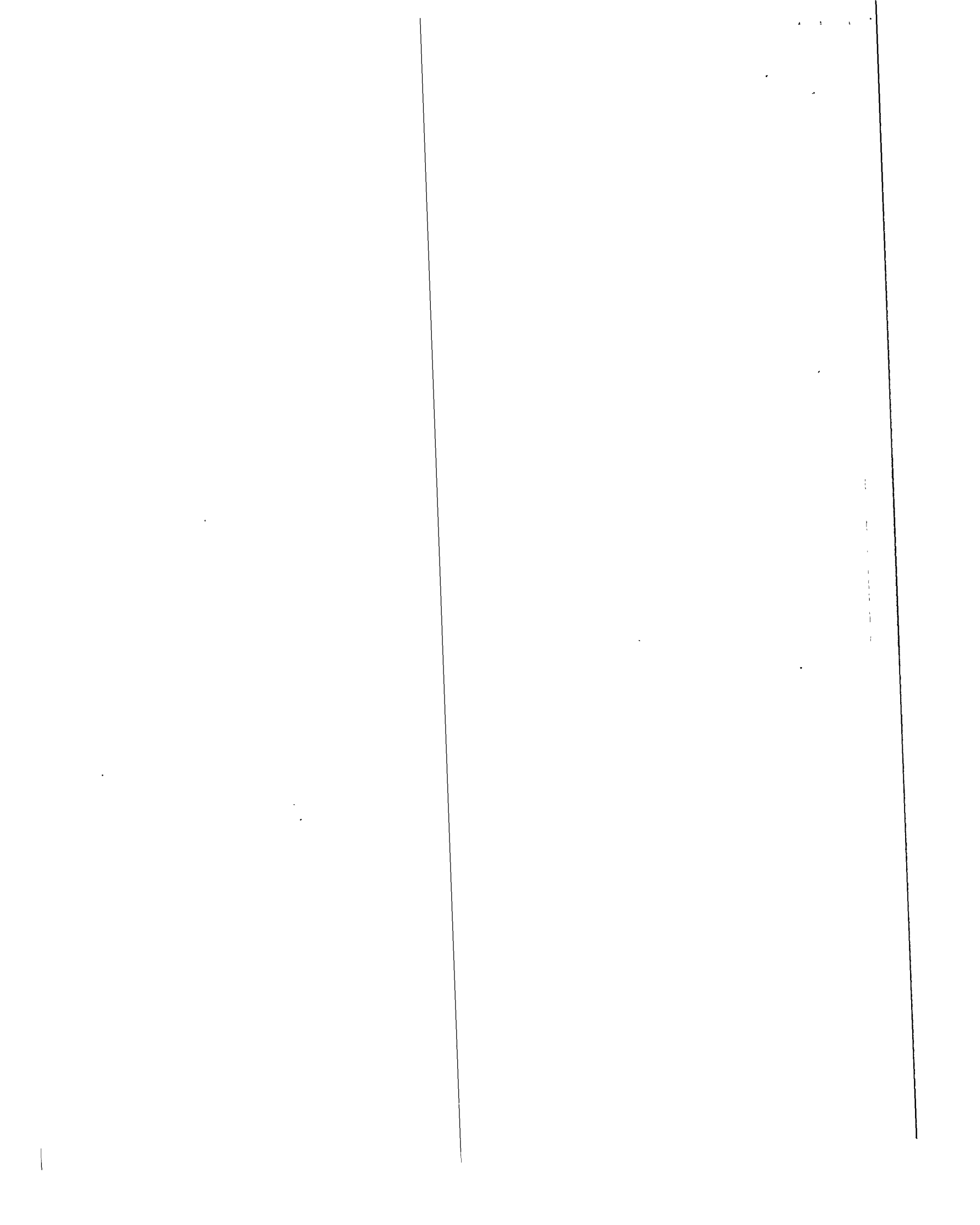
### **Connecticut Internet Tax Delinquency List gaining international interest — \$25 million collected**

*Hartford* — Connecticut Tax Commissioner Gene Gavin today released a progress report on the Internet Top 100 Tax Delinquency List that the Department of Revenue Services (DRS) has been publishing since January 1997 on the Agency's Internet home page. Through February 1998, DRS has collected approximately \$25 million from accounts eligible for listing. Almost \$14 million in future payments of outstanding overdue taxes is anticipated as taxpayers complete payment plans already confirmed.

DRS has received inquiries from twenty states and the Province of Ontario for the program. In addition, the program won a 1997 Gold Connecticut Innovation Prize from the Connecticut Quality Improvement Award Partnership.

"The Top 100 List has been an overwhelming success by any measure," said Commissioner Gavin. "Connecticut was the first state to reach into cyberspace for state tax compliance, and based on our success and the number of inquiries we've received from other states and Canada, many of them will be following our lead."

The Top 100 Tax Delinquency List contains the names of the Connecticut taxpayers owing the greatest tax dollar amounts, plus any penalty and interest, for a period of ninety days after all appeal rights have expired. Delinquency in any of the more than forty types of taxes that Connecticut levies may earn one a position on the List.



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Approximately 740 taxpayer accounts have been considered for publication because they owed large sums of tax money to Connecticut for greater than 90 days. Although each eligible taxpayer has already had the opportunity to appeal the tax debt, both within the Department and in court, each taxpayer is sent a certified letter two weeks in advance of the proposed Internet publication. Often, receiving the certified letter gives the taxpayer the incentive to contact DRS to arrange payment of the tax bill, thus sparing the publication of the taxpayer's name and tax debt to friends, neighbors and business associates on the Internet.

Through February 1998, DRS has collected over \$24.5 million dollars from accounts eligible for listing. Approximately \$13.7 million in future payments of outstanding overdue taxes is anticipated as people complete payment plans already confirmed.

The Internet List has added an important tool for Agency agents who are trying to collect taxes owed. An unexpected bonus has been the increased willingness of taxpayers who owe smaller amounts of back taxes to come forward. The Agency's monthly accounts receivables count has shrunk by almost 30 percent .

Commissioner Gavin emphasized that the Internet Top 100 List demonstrates his Agency's commitment to protecting honest taxpayers. And, he added, since the first month of publication, not one of those taxpayers listed has been able to claim that the tax amount listed was not owed to Connecticut.

"The List sends a very strong message to all taxpayers that Connecticut will not give "big guys" more favorable treatment when they owe taxes," he said. "It also gets the word out to taxpayers in financial difficulty that DRS will work with them to arrange payment of tax debts over time through payment plans."

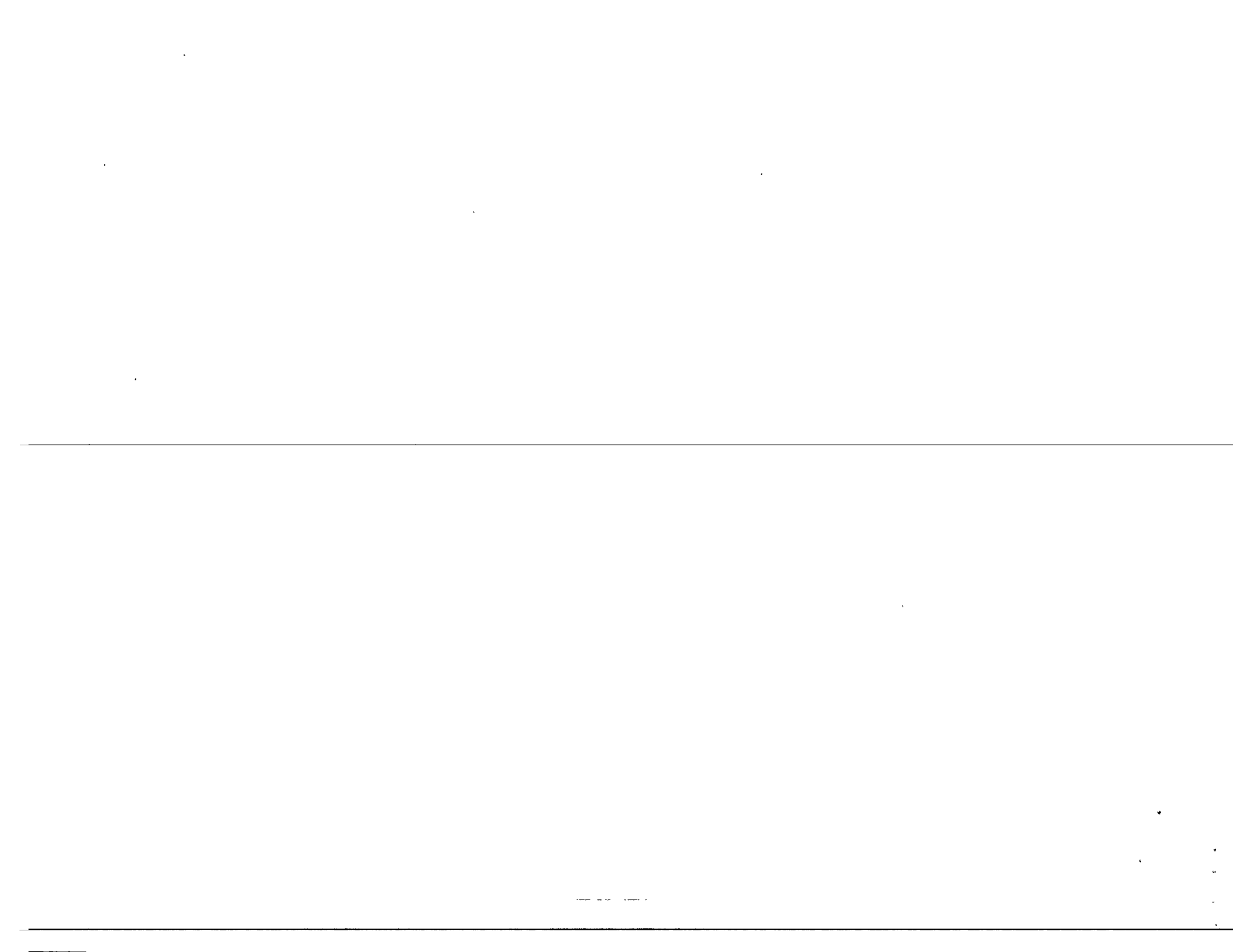
Connecticut citizens have been very enthusiastic and supportive of the publication of tax delinquents. The Agency has been receiving notes and calls from the public saying they are "happy to see we are doing this," and "it's about time someone got tough with deadbeats."

"DRS has created a new public stockade for the electronic age, exposing tax deadbeats to 'cybershame!'" said Gavin. "This is the most cost effective and efficient compliance tool that the Agency currently possesses, and we're proud of it!"

The Top 100 List is located on the DRS Web site, <http://www.state.ct.us/drs>.

###

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## CONNECTICUT POST

VOL. 6, NO. 16, 54 PAGES THURSDAY, JANUARY 16, 1997 50 CENTS

## Surfing for scofflaws

State officials use Net  
to snare tax delinquentsBy MARIAN GAIL BROWN  
Staff writer

The state this week named Benzoline Energy Company/Connecticut Refining Co. of West Haven the No. 1 tax scofflaw in Connecticut, alleging the company owes nearly \$1.2 million.

The denials and finger-pointing came quickly from the company.

"It has nothing to do with us" said Connecticut Refining Manager Barry Lassman, who said the company was an asset that was sold off from Benzoline Energy in May 1995.

Like it or not, the information has been posted for all of cyberspace to see.

The state Department of Revenue Services has put the list of Connecticut's 100 top tax delinquents on the Internet, a list that includes a former millionaire, a bankruptcy attorney, a seasonally employed handyman who claims he has never earned more than \$27,000 a year and numerous defunct businesses.

See IT'S on A17

## Who didn't pay

Here are the 100 businesses and individuals who allegedly owe the most state taxes.

Name	Amount
1 Benzoline Energy Co./Connecticut Refining Co., West Haven	\$1,176,000
2 Management Resources Inc., Bolton	\$329,928
3 Douglas Maryland Assoc., New York, N.Y.	\$286,676
4 Sweedler, Phillip and Norman Nationwide Liquidators, Hamden	\$250,186
5 Russell Capozziello and Scruples Lounge, Fairfield	\$243,720
6 Richard E. Henry, Fairfield	\$210,395
7 Trans Lux Corp., Norwalk	\$204,175
8 William J. Presta and William J. Presta Builders, Wethersfield	\$195,951
9 Kenneth and Karen Kovacs, Bethel	\$161,835
10 Terry M. Beaurline, Greenwich	\$102,320
11 Lee and Karen Shumard, Milford	\$101,610
12 Richard Lawrence Redding	\$101,559
13 Jacob and Helen Koton, Hartford	\$93,048
14 MG2 Connecticut Ltd. (owns Wendy's hamburger franchises), Burlington, VT	\$93,022
15 Jay Aidkoff, Newtown	\$90,693

Source: Connecticut  
Department of Revenue Services

Connecticut Post/Staff

CONNECTICUT POST Thursday, January 16, 1997

A17

It's cybershame  
for tax scofflaws

Continued from A1

They owe anywhere from \$1.2 million to \$27,000 and the reactions from some on the list range from resignation, anger and alarm at the DRS' tactics.

From his Greenwich home, all of the warmth in Terry Beaurline's voice vanished when he learned that his name and the \$102,320.08 he owes in back state income taxes has won him the No. 10 spot.

"I don't know what they think they are going to accomplish except to embarrass people. People don't pay their taxes because they don't have the money," Beaurline said. "Me, I have massive debt."

Beaurline said his troubles began with mounting federal taxes he was unable to pay. Under a negotiated settlement with the Internal Revenue Service, Beaurline said, his federal tax liability was lowered. "They wound up forcing the sale of my \$2.5 million home, which gave me the capital gains that caused me to owe Connecticut [taxes]," he said.

Of the taxes owed to the state, the ones that rankle the DRS most when they are not paid are sales and withholding taxes.

"That's money that belongs to someone else, either the state or the employee that the company is holding in trust," said DRS spokeswoman Ellen Schneider. She said when a business fails to pay either of these taxes, it may be a sign that the company is having trouble meeting its payroll.

Trans Lux Corp. of Norwalk doesn't have trouble making the payrolls but a state audit dating back to 1987-89 left the company with \$204,175 in back taxes.

Angela Toppi, the company's chief financial officer, said the

state ruled that it did not allocate all of its taxes to its various divisions correctly during those years. The company makes electronic display signs.

While the audit dragged on, a 15 percent yearly penalty was added to the company's tax liability. Toppi estimated nearly half the total is for interest payments.

The company won't be on the list much longer, Toppi said. "I'll cut the check Tuesday," she said.

A former Newtown business owner who never made more than \$27,000 found his name on the list thanks to the sale of his home.

The man, who is near the bottom of the top 100 list, said he tried unsuccessfully for several years to resolve his tax liability. "How am I going to hold my head up at PTA meetings if you tell people who I am?" he asked. "This is going to kill my kids."

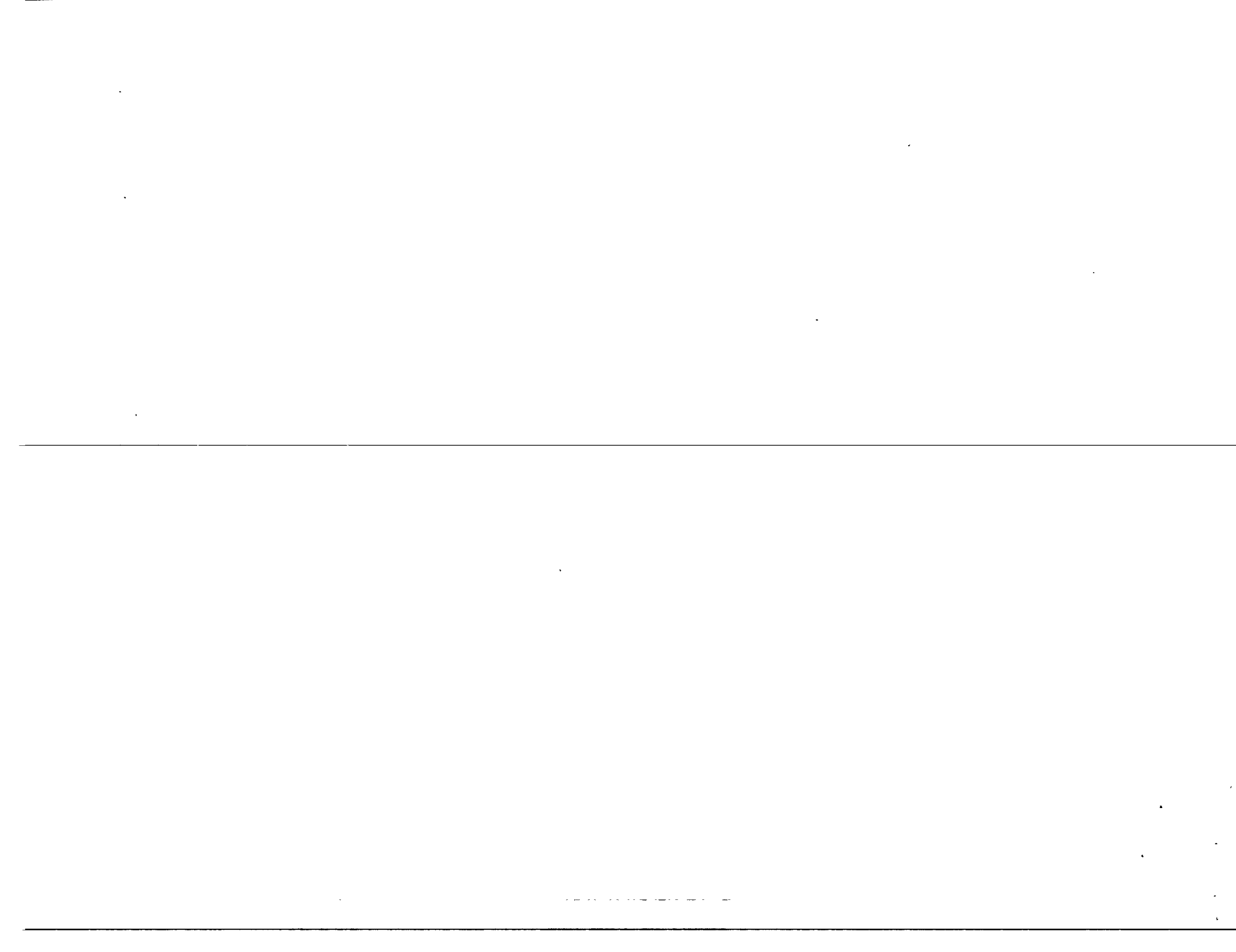
The past five years, he said, have been one nightmare after another. He and his wife sold their home to open a tanning salon in Newtown. First the business failed, and then his wife was killed in a traffic accident.

He and his children were forced to move in with his parents. Then last summer, "I got this thing in the mail saying I owed the state money," he said.

"When I called them and said 'Hey, I never made more than \$27,000 a year, any year,' they said, they got their info from the IRS. So, I went to the IRS and they told me, 'What are you doing here? This isn't our problem. Go deal with Connecticut.'"

Eventually, he said, "I decided to forget about it. 'I was hoping it would just work itself out.'"

Staff writer Ed Steadham contributed to this report.



## Taxpayers Pay Up to Avoid Internet Publicity About Tax Delinquencies

by Sally Adams, Esq.

"CyberShame works," according to Gene Gavin, Connecticut Commissioner of the Department of Revenue Services. A program, which calls for the publication of the identities of the state's top 100 delinquent taxpayers on the Internet, has succeeded in actively, affirmatively resolving tax delinquencies at a rate averaging in excess of \$4 billion per month since its activation in Connecticut on January 15, 1997, he explained. These are the taxpayers who owe the largest dollar amounts to the state. Gavin called it an "exciting, innovative, cost-effective approach to collecting tax."

### Legislative Directive

A tax scofflaw has been on the books in Connecticut since the late '70s, Gavin explained, which has required the Department of Revenue Services to make available for public inspection a list of delinquent taxpayers for whom all appeal rights have expired. This statutory provision requires the state to disclose the names and addresses of the delinquent taxpayers, the type of taxes owed, and the amounts overdue, no matter how small the amount, on a monthly basis. However, there has been little interest in inspecting the lists over the years, Gavin commented.

The publication requirement does not kick in until

- 90 days after the taxpayers have exhausted their appeal rights, including possible judicial proceedings, and
- taxpayers have failed to resolve their accounts.

Prior to that point, taxpayer account information is treated as confidential. Delinquent taxpayers should not be surprised to find their names published once their appeal rights have been exhausted, commented Ellen Schneider, spokesperson for the Department.

### Background

Initiation of the program was prompted by an unanticipated revenue bonanza for the state when a large number of delinquent taxpayers settled their delinquent accounts with the state following the publication of their identities on the Internet

site of a newspaper in the state capitol. This publication took place during the Fall of 1995 while the state's tax amnesty program was in progress. [Note: Gavin said that Connecticut was one of the first states to offer a tax amnesty program.] Schneider noted that the revenue generated was significant, even though usage of the Internet was in its infancy during this period.

Commissioner Gavin, recognizing the revenue-generating potential of such publication, decided that the state should publish its own list of the top 100 delinquent taxpayers on its own Internet home page. Gavin initiated this program with additional precautions in order to assure that no one would be embarrassed who should not be embarrassed. The first precaution was to limit the number of disclosed taxpayers to the top 100. The second precaution that he introduced was to send out certified letters to affected taxpayers well in advance of the Internet publication date in order to allow taxpayers a final opportunity to either pay their tax liability in full or to enter into a payment plan.

### Success of Program

The posting of the names of the top 100 delinquent taxpayers on Connecticut's home page on the Internet has been a great success for both the state and the taxpayers, according to Gavin, because the increased stream of revenue into the state actually allows the state to either hold the line on new taxes, or to reduce existing tax burdens. The success of this "CyberSpace public stockade, which uses scofflaws for CyberShame," is demonstrated, the Commissioner said, by the fact that during the four-months that the program has been operational, \$17 million in delinquent taxpayer debts have been resolved, *i.e.*, have been brought from a total inactive status into a payment program. Since January 15, 1997, the actual revenue received by the state from delinquent taxpayers has exceeded \$4.5 million. Only a few debts have been written off upon proof that a taxpayer has no assets.

Following the announcement of the state's Internet publication program in October 1996, certified mailings were sent out in November 1996 notifying a list of the top 100 delinquent taxpayers





that their identities would be published on the state's home page on January 15, 1997. Prior to the publication date, 35 accounts were cleared, and by the end of April, 189 accounts had been cleared. Gavin noted that between April and May alone, 57 of the 100 accounts loaded in April were removed from the list. An account is considered to have been cleared if paid in full or if a payment plan has been entered into.

**Spinoff successes:** An additional plus for the state has been the program's success in piercing the corporate veil shielding responsible taxpayers absent fraud or criminal activity. Many who might have ducked out from their responsibility to turn over withholding taxes, for example, are coming forward to arrange payment, according to Schneider.

A further success is that for the first time in many years, the number of delinquent taxpayers on Connecticut's monthly inventory list has fallen by almost one-third, from 45,000 to 32,000 within just four months. Gavin said that taxpayers are coming in to clear their tax records since the word is out that delinquent taxpayer names may appear on the Internet.

**Implications:** The response from the public and from other states has been significant, reported Schneider, with taxpayers saying "it's about time the state did something about this." No one has said, Schneider commented, "how dare you do this."

The interest from other states and the IRS as to how to get on board with a similar program has

been significant, noted Commissioner Gavin, with Illinois being the latest state to contact the Department on May 20 as to how to set up a similar list on their own Internet home page. Packages of how-to materials have already been forwarded to Georgia, Massachusetts, Michigan, and North Carolina, Gavin said. As far as it has been researched no other state has a comparable statutory directive in place requiring public disclosure, Schneider said. Alternatively, if such a provision exists in another state's statute, it is not being used.

As an aside, Gavin suggested that if the IRS were to set up such a program, it would be most successful if it included the top 100 delinquencies for each state, rather than the top 100 delinquencies across the country.

### Future Plans

Commissioner Gavin commented that the next step for the Department may be to list on their home page the five most-wanted tax criminal evaders ("deadbeats"), taxpayers who have gone underground or left the state. He noted that even states without a statutory provision in place authorizing disclosure of the identity of taxpayer delinquents could distribute this information over the Internet because the information becomes public as soon as an arrest warrant is out on someone. (Telephone Conversations with Commissioner Gene Gavin, Connecticut Department of Revenue Services, May 20, 1997, and Ellen Schneider, Spokesperson for Connecticut Department of Revenue Services, May 19 and 20, 1997.)

## ■ INCOME TAXES

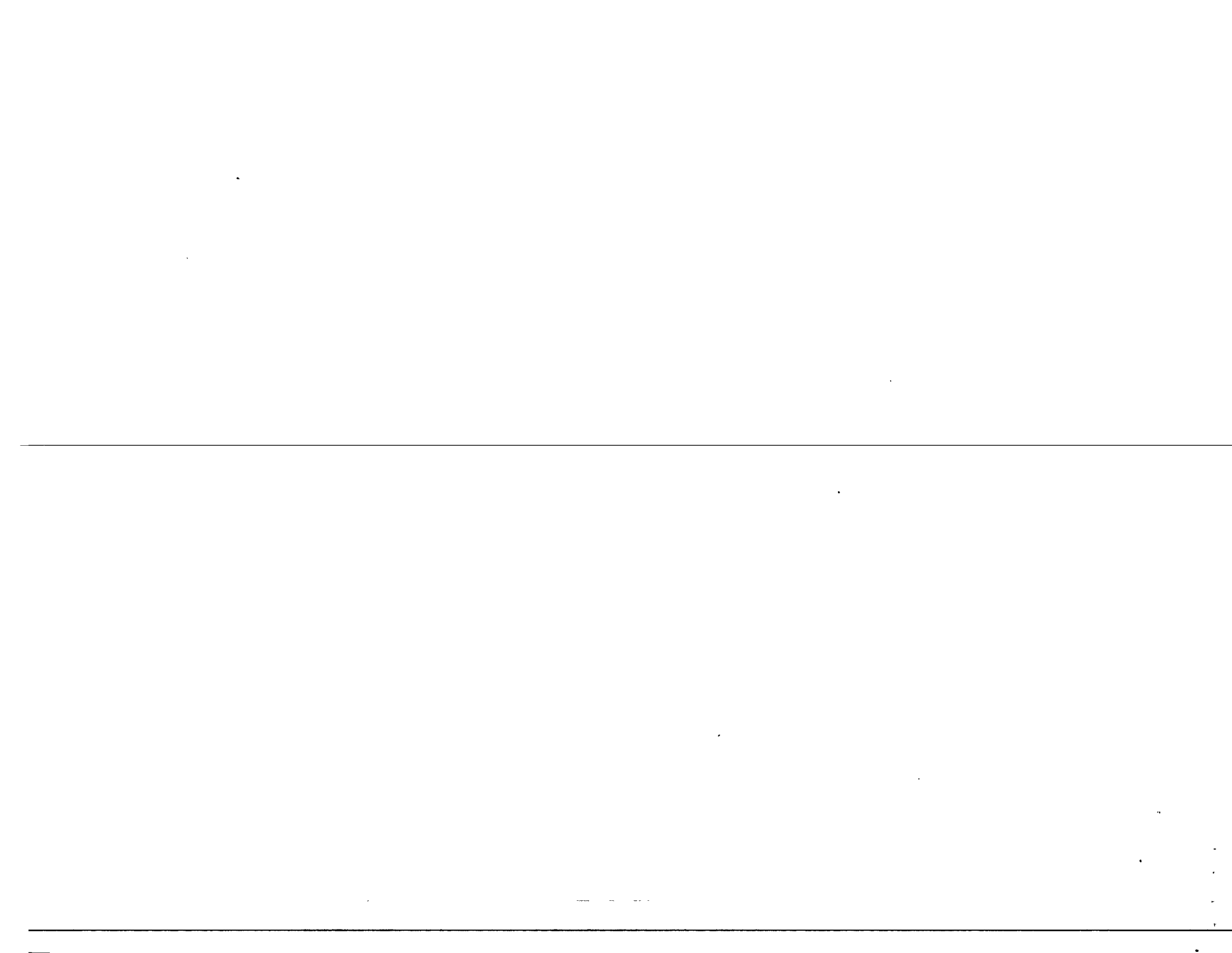
### ■ ARIZONA

#### Tax on Out-of-State Dividends Not Discriminatory

A repealed statute that imposed an Arizona income tax on dividends received by shareholders from out-of-state corporations, but not on dividends from Arizona-based corporations, did not discriminate against an Arizona resident who was taxed on dividends from out-of-state corporations.

The taxpayer claimed that the statute imposed a tax penalty on businesses conducting a majority of their business outside Arizona and discouraged individuals from investing in these corporations. The taxpayer argued that her rights to equal protection of laws under the Arizona and U.S. Constitutions were violated and that the statute impeded interstate commerce in violation of the U.S. Commerce Clause.

The Board of Tax Appeals had no authority to declare a statute unconstitutional but could determine



duly authorized, shall be fined not more than two hundred dollars or imprisoned not more than sixty days or both.

(1949 Rev., S. 1682; P.A. 77-614, S. 139, 610; P.A. 78-280, S. 2, 127; P.A. 79-610, S. 2, 47.)

History: P.A. 77-614 substituted commissioner of revenue services for tax commissioner, effective January 1, 1979; P.A. 78-280 substituted "judicial district" for "county"; P.A. 79-610 substituted secretary of the office of policy and management for commissioner of revenue services, effective July 1, 1980.

See Sec. 12-1c re transfer of certain functions, powers and duties under this chapter to the secretary of the office of policy and management.

**Sec. 12-7. Reports concerning assessments and collections.** The Secretary of the Office of Policy and Management shall, in addition to any other reports required by law to be made by him, annually collate and prepare, from the reports provided for in section 12-9 and such other information as he obtains, statistics concerning the assessment and collection of taxes during the preceding year; and he shall, annually, cause to be printed so much of the report herein provided for as will show the methods and manner of the assessment and collection of taxes, and the amount of such taxes levied and collected in the several towns, cities and boroughs. He may also publish such other reports as will give information to the public regarding taxation.

(1949 Rev., S. 1684; September, 1957, P.A. 11, S. 7; P.A. 79-610, S. 2, 47.)

History: Effect of P.A. 77-614 was to make "commissioner" refer to commissioner of revenue services rather than tax commissioner as previously, effective January 1, 1979; P.A. 79-610 substituted secretary of the office of policy and management for commissioner of revenue services, effective July 1, 1980.

See Sec. 12-1c re transfer of certain functions, powers and duties under this chapter to the secretary of the office of policy and management.

**Sec. 12-7a. Commissioner to prepare and maintain a list of delinquent state taxes.** The annual report prepared by the Commissioner of Revenue Services for submission to the Governor and publication as provided in section 4-60 shall not be required to include the name of any person liable for payment of any tax which is unpaid. The commissioner shall prepare and maintain a list related to each type of tax levied by the state, containing the name and address of any person or corporation liable for payment of any such tax and the amount thereof, including any applicable interest or penalties, which tax, as of the end of the fiscal year with respect to which such report is prepared, is unpaid and a period in excess of ninety days has elapsed following the date on which such tax was due, exclusive of any tax determined to be uncollectible in accordance with section 12-37, any tax on which an appeal is pending and any tax which has been abated by said commissioner as provided in section 12-39. Such lists shall be available to the public for inspection by any person.

(P.A. 79-168, S. 1, 2; P.A. 86-53, S. 1, 2; P.A. 88-297, S. 13.)

History: P.A. 86-53 removed the requirement that the annual report of the commissioner include a list of delinquencies and required the commissioner to maintain separate lists of delinquencies and to make them available for inspection by the public; P.A. 88-297 deleted reference to annual report as "a public document".

Cited. 184 C. 102, 108.

**Sec. 12-7b. Reports of certain state tax data by the commissioner to the Office of Fiscal Analysis.** (a) The Commissioner of Revenue Services shall, annually on or before the thirty-first day of December, submit to the legislative Office of Fiscal Analysis a report concerning certain state tax data, applicable with respect to the state fiscal year ending on the thirtieth day of June immediately preceding, as follows: (a) Sales and use tax data, including (1) gross receipts subject to sales tax, stated separately in relation to sales of (A) any tangible personal property, (B) the leasing or rental of tangible personal property and (C) the rendering of any services subject to said tax, (2) total revenue loss

Enabling  
Statute  
for  
"Top 100"



# The Sunday Republican

Greater Waterbury

Sunday, June 28, 1998

\$1.50

## Web site collects \$40 million for state

By Maura Kelly  
©1998 Republican-American

HARTFORD — Publicity over the Internet has helped the state collect \$40 million from tax scofflaws during the past 18 months.

Since January 1997, the state Department of Revenue Services has published a list of its top 100 delinquent taxpayers on the state's Web site at [www.state.ct.us/drs](http://www.state.ct.us/drs). Connecticut is the only state to publish such a list on the Internet.

"In Connecticut, tax evasion is no longer a gentleman's sport. Connecticut is taking advantage of the cyber-age. This represents the public stockade of the cyber-age," said Gene Gavin, commissioner of the department. "Cyber-shame is working."

Since the list has been on the Internet, the state has collected \$28 million in cash and \$12 million in payment plans that companies or delinquent taxpayers have negotiated with Gavin's office. The names of delinquent taxpayers or businesses cannot be posted until 90 days after appeal rights of a delinquent taxpayer or business have expired, Gavin said.

And before Gavin posts the names of delinquent taxpayers or businesses, he sends the person or company a certified letter telling them they are delinquent and the information will be made public information on the Internet. That threat works because many people agree to payment plans to avoid their names being placed on the list, Gavin said.

"I didn't mean to embarrass anyone by

having their names on the Internet. So we send out the letters two weeks before," Gavin said. "There's no ambush involved here."

Officials from 22 other states, the Internal Revenue Service and Ontario, Canada, have called Gavin to ask how the state set up its list and how it works. Because the state already has a Web site, Gavin said the list is a cost-effective way for him to collect delinquent taxes.

"I'm saving taxpayers' dollars and I'm protecting the honest taxpayer who pays their fair share because they subsidize those businesses who are tax deadbeats," Gavin said. "It's been a win, win, win for the state of Connecticut. It doesn't cost us

Please turn to 9A, LIST

REBATE

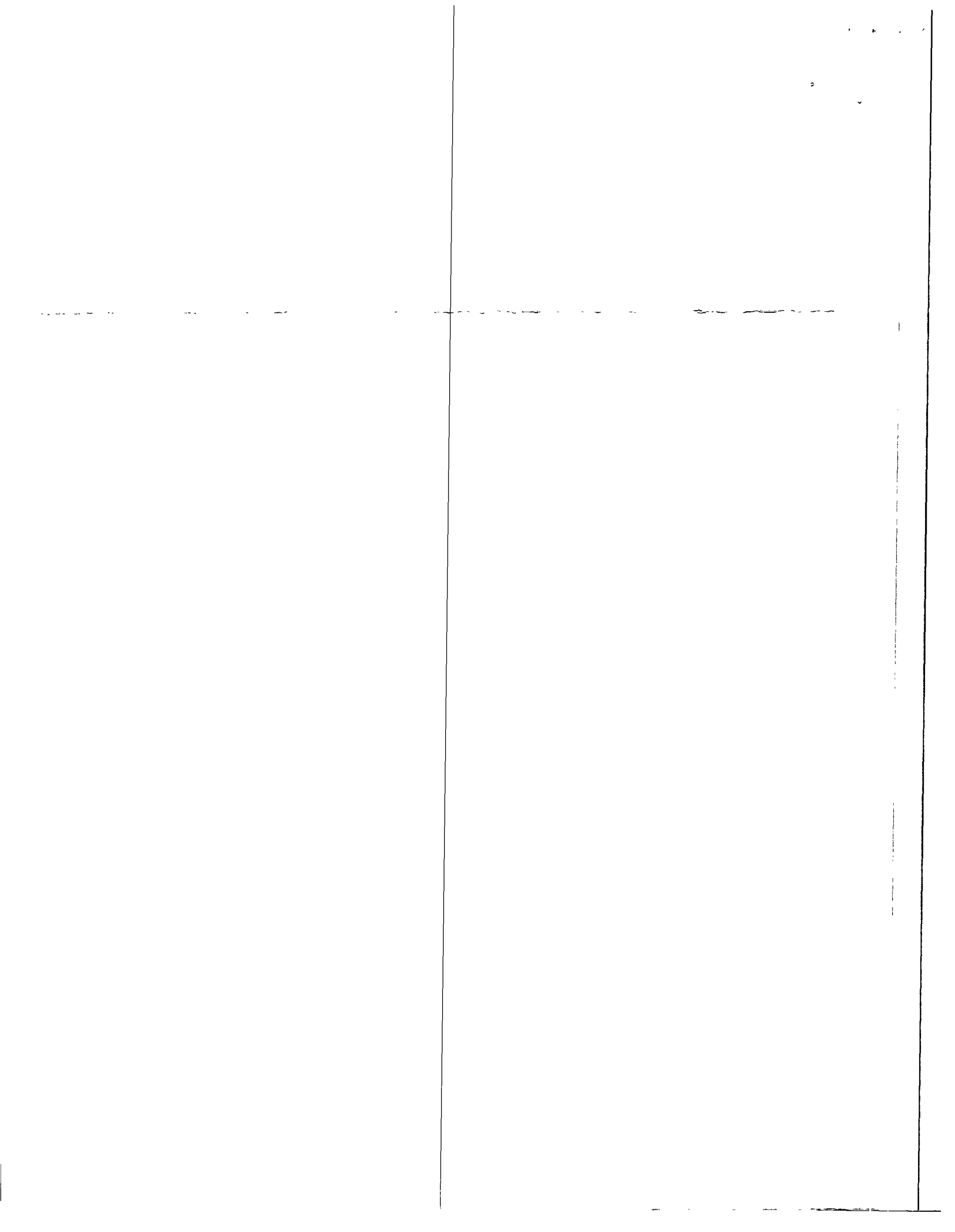
- New Addition
- New Connecticut Fresh Ref. IRA's
- Contractor DAS
- Electronic Filings
- Publication
- Terms
- Storage & E-mail
- Legislative Changes
- Tax Research
- News Project
- Other Tax Sites
- Other State News
- Voluntary Disclosure Program

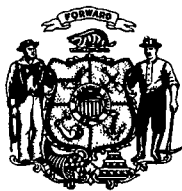
Republican-American

FROM PAGE ONE

Sunday, June 28, 1998 9A

The screenshot shows the homepage of the State of Connecticut Department of Revenue Services. At the top, there is a navigation bar with links for Home, Search, and other services. The main content area features the state seal and the text "State of Connecticut DEPARTMENT OF REVENUE SERVICES". Below this, a mission statement is provided. A central section contains several icons and links for "CONSTITUTIONAL MESSAGE", "TAXPAYER RIGHTS", "ADMINISTRATIVE PROGRAMS", "REVENUE SERVICES LIST", "DAS EX", and "NEWS PROJECT". At the bottom, there is a banner for "REBATE" and a link to "QUICK LINKS TO FREQUENTLY USED FORMS".





State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-0984/

MES.....

jug (FMR)

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

gen

1 AN ACT relating to: requiring the department of revenue to prepare and  
2 maintain a list of delinquent taxpayer accounts and to post on the internet the  
3 top 100 names from the list.

*Analysis by the Legislative Reference Bureau*

This bill requires the department of revenue (DOR) to prepare and maintain a list of delinquent taxpayer accounts, which are accounts with tax obligations that are unpaid for more than 90 days after all appeal rights have expired. The list shall contain the names, addresses, type of tax due and amount of tax due, including interest and penalties. The bill also requires DOR to create a site on the internet that contains the top 100 names from the list, and to make available for public inspection a hard copy that contains the name of every person on the list. DOR is required to update the ~~web~~ site and the list on a monthly basis.

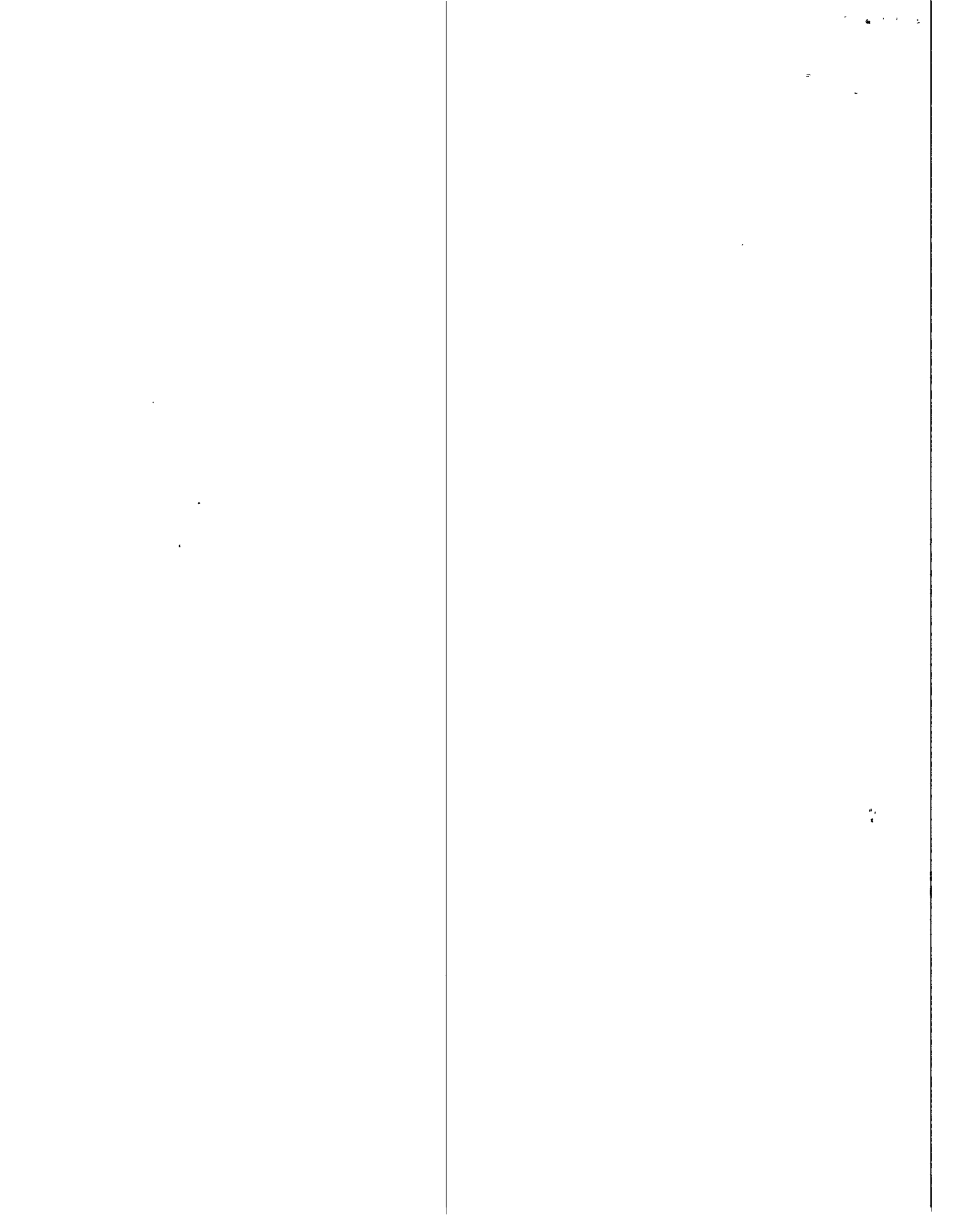
internet

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:*

4 SECTION 1. 73.03 (56) of the statutes is created to read:  
5 73.03 (56) To prepare and maintain a list of all persons whose tax obligations  
6 are unpaid for more than 90 days after all appeal rights have expired, and the 100





**SECTION 1**

1 persons from this list <sup>the internet at</sup> who have the greatest amount of delinquent tax obligations  
 2 shall be posted on a ~~worldwide web~~ site that is created and maintained by the  
 3 department for this purpose. The ~~web~~ <sup>internet</sup> site shall list the names, addresses, type of  
 4 tax due and amount of tax due, including interest and penalties, for each person who  
 5 has one of the top 100 delinquent taxpayer accounts. A hard copy of the list of all  
 6 delinquent taxpayer accounts shall also be available for public inspection. The hard  
 7 copy list shall also contain the name, address, type of tax due and amount of tax due,  
 8 including interest and penalties, for each person on the list. The department shall  
 9 update the ~~web~~ <sup>internet</sup> site and the hard copy list on a monthly basis.

**SECTION 2. Effective date.**

11 (1) This act takes effect on the first day of the <sup>4th</sup> ~~fourth~~ month beginning after  
 12 publication.

(END) ✓



**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

**Date:** 1/21/99

**To:** Representative F. Lasee

**Relating to LRB drafting number:** LRB-0984

**Topic**

Create a web site that posts information about delinquent taxpayers

**Subject(s)**

Tax - corp. inc. and fran., Tax - individual income, Tax - miscellaneous

1. **JACKET** the draft for introduction \_\_\_\_\_  
in the **Senate** \_\_\_\_\_ or the **Assembly** \_\_\_\_\_ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT**. See the changes indicated or attached \_\_\_\_\_.  
A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW** prior to introduction \_\_\_\_\_.  
If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney  
Telephone: (608) 266-0129

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**FISCAL ESTIMATE**

**DOA-2048 N(R10/98)**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.	
LRB 0984/1	AB 275
Amendment No. if Applicable	

**Subject**  
**Require DOR to Post a List of Delinquent Taxpayers on the Internet**

**Fiscal Effect**

State:  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		

**Local:**  No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	<b>Affected Ch. 20 Appropriations</b> 20.566 (28)(hq)
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**Assumptions Used in Arriving at Fiscal Estimate**

This bill requires the Department of Revenue (DOR) to prepare and maintain a list of delinquent taxpayer accounts, which are accounts with tax obligations that are unpaid for more than 90 days after all appeal rights have expired. The bill requires DOR to create a site on the Internet that contains the top 100 names from the list, and to make available for public inspection a hard copy that contains the name of every person on the list. DOR is required to update the Internet site and the list on a monthly basis.

It is anticipated that the bill would not have a significant effect on state tax revenue. Increased administrative costs would be minimal, aside from a one-time start-up cost of \$20,500.

**Long-Range Fiscal Implications**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Bruce Biermeier, (608) 266-7396	<b>Authorized Signature/Telephone No.</b> Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	<b>Date</b> 2/22/99
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**1999 Session**

**FISCAL ESTIMATE  
DOA-2047 N(R10/98)**

ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.	Amendment No.
LRB 0984/1    AB 275	

**Subject**  
Require DOR to Post a List of Delinquent Taxpayers on the Internet

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

one-time start-up cost of \$20,500

II. Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringe		\$	\$ -
(FTE Position Changes)		( FTE)	( - FTE)
State Operations-Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
<b>TOTAL State Costs by Category</b>		\$	\$ -
<b>B. State Costs by Source of Funds</b>			
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
<b>TOTAL State Revenues</b>		\$	\$ -

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ _____	\$ _____

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Bruce Biermeier, (608) 266-7396	<b>Authorized Signature/Telephone No.</b> Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	<b>Date</b> 2/22/99
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# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 266-5648

STEPHEN R. MILLER  
CHIEF

LRB  
✓

April 9, 1999

## MEMORANDUM

**To:** Representative Frank Lasee

**From:** Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **1999 AB 275** (LRB 99-0984/1)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.





**M E M O R A N D U M**

February 22, 1999

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun *YEB*  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 0984/1, Relating to Listing Delinquent Taxpayers on the Internet

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language needs to be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE Positions</u>
One-time cost	20.566 (28)(hq)	\$20,500	

If you have questions regarding this technical memorandum, please contact Pat Lashore at 266-3347.

YEB:DC:ds  
t:\fsn\dc\lr09841.tec

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