

AMENDED IN SENATE MAY 5, 2005
AMENDED IN SENATE APRIL 20, 2005

SENATE BILL

No. 234

Introduced by Senator Runner

February 15, 2005

An act to *amend Section 19545 of, and to add Section 19571 to, the Revenue and Taxation Code, relating to taxation.*

LEGISLATIVE COUNSEL'S DIGEST

SB 234, as amended, Runner. Taxpayer information: *income tax return*: disclosure.

The Personal Income Tax Law and the ~~Bank and~~ Corporation Tax Law impose taxes on, or measured by, income. Existing law allows a tax return or return information filed under those laws to be disclosed in a judicial or administrative proceeding pertaining to tax administration under certain circumstances.

This bill would ~~prohibit an officer or employee of the State Board of Equalization or the Franchise Tax Board from releasing to the general public personal or financial information of a taxpayer unless a court of competent jurisdiction has authorized that disclosure based on a finding that a compelling interest would be served by that disclosure~~ *prohibit the disclosure of the taxpayer's personal information, as defined, to the general public unless the disclosure is specifically authorized or required by law.* This bill would also provide an exception to this general prohibition by authorizing an officer or employee of the State Board of Equalization to disclose personal or financial information of a taxpayer to the general public if that information is directly related to matters at issue before that board.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The Franchise Tax Board and the State Board of
4 Equalization possess private information that is submitted by
5 taxpayers.

6 (b) Protecting the privacy of taxpayers' personal and financial
7 information is inviolate and a necessary function of the state.

8 (c) The purpose of this act is to protect taxpayer privacy.

9 *SEC. 2. Section 19545 of the Revenue and Taxation Code is*
10 *amended to read:*

11 19545. (a) A return or return information may be disclosed
12 in a judicial or administrative proceeding pertaining to tax
13 administration, if any of the following apply:

14 ~~(a)~~

15 (1) The taxpayer is a party to the proceeding, or the
16 proceeding arose out of, or in connection with, determining the
17 taxpayer's civil or criminal liability, or the collection of the
18 taxpayer's civil liability with respect to any tax imposed under
19 this part.

20 ~~(b)~~

21 (2) The treatment of an item reflected on the return is directly
22 related to the resolution of an issue in the proceeding.

23 ~~(c)~~

24 (3) The return or return information directly relates to a
25 transactional relationship between a person who is a party to the
26 proceeding and the taxpayer which directly affects the resolution
27 of an issue in the proceeding.

28 (b) (1) *Personal information disclosed to the State Board of*
29 *Equalization in accordance with subdivision (a) may not be*
30 *disclosed to the public unless that disclosure is specifically*
31 *authorized or required by law.*

32 (2) *For purposes of this subdivision, "personal information"*
33 *means the social security number, telephone number, or personal*
34 *residence address of an individual.*

35 ~~SEC. 2. Section 19571 is added to the Revenue and Taxation~~
36 ~~Code, to read:~~

37 19571. (a) ~~Except as otherwise provided in subdivision (b),~~
38 ~~an officer or employee of the State Board of Equalization or the~~

1 ~~Franchise Tax Board shall not release to the general public~~
2 ~~personal or financial information of a taxpayer unless a court of~~
3 ~~competent jurisdiction has authorized that disclosure based on a~~
4 ~~finding that a compelling interest would be served by that~~
5 ~~disclosure.~~

6 ~~(b) An officer or employee of the State Board of Equalization~~
7 ~~may disclose personal or financial information of a taxpayer to~~
8 ~~the general public if that information is directly related to matters~~
9 ~~at issue before that board.~~

10 *SEC. 3. Section 19571 is added to the Revenue and Taxation*
11 *Code, to read:*

12 *19571. An officer or employee of the State Board of*
13 *Equalization may disclose personal or financial information of a*
14 *taxpayer to the general public if that information is directly*
15 *related to matters at issue before that board.*