

1 HB140  
2 197453-3  
3 By Representatives South and Blackshear  
4 RFD: State Government  
5 First Read: 19-MAR-19

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8 SYNOPSIS: This bill would provide for the exchange of  
9 information between the Department of Revenue and  
10 financial institutions to facilitate the collection  
11 of delinquent taxpayer liabilities by allowing the  
12 department to enter into agreements with financial  
13 institutions doing business or authorized to do  
14 business in Alabama to develop and operate a  
15 financial institution data match program.

16  
17 A BILL  
18 TO BE ENTITLED  
19 AN ACT

20  
21 Relating to taxation; to add Section 40-29-23.1 to  
22 the Code of Alabama 1975, to allow the Department of Revenue  
23 to enter into agreements with financial institutions doing  
24 business or authorized to do business in Alabama to develop  
25 and operate a financial institution data match (FIDM) program.  
26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. Section 40-29-23.1 is added to the Code  
2 of Alabama 1975, to read as follows:

3           §40-29-23.1.

4           (a) For purposes of this section the following terms  
5 shall have the following meanings:

6           (1) ACCOUNT. A demand deposit account, checking  
7 account, negotiable withdrawal order account, savings account,  
8 time deposit account, or money-market mutual fund account.

9           (2) ACCOUNT HOLDER. Person or persons authorized to  
10 perform transactions on behalf of an account.

11           (3) DELINQUENT TAXPAYER. A taxpayer with an  
12 outstanding tax liability for which a final assessment has  
13 been entered that is no longer subject to appeal under the  
14 Alabama Taxpayer's Bill of Rights, so that the assessment is  
15 final, due, and owing, and for whom both of the following  
16 conditions are true:

17           (4) DEPARTMENT. The Alabama Department of Revenue.

18           (5) DESIGNATED DATA PROCESSING AGENT. A person  
19 authorized by a financial institution and approved by the  
20 department to receive information necessary to implement the  
21 financial data match program established under this section.

22           a. The tax liability remains unpaid after 10 days  
23 from the issuance of a final notice before seizure by the  
24 department.

25           b. The person is not making current timely  
26 installment payments on the tax liability under agreement with  
27 the department.

1                   (6) FINAL ASSESSMENT. Has the same meaning as in  
2 Section 40-2A-3.

3                   (7) FINANCIAL INSTITUTION. Includes depository  
4 institutions, as defined in Section 3(c) of the Federal  
5 Deposit Insurance Act, 12 U.S.C. §1813(c) and as amended from  
6 time to time; institution-affiliated parties, as defined in  
7 Section 3(u) of 12 U.S.C. §1813(u) and as amended from time to  
8 time; and any federal credit union or state credit union, as  
9 defined in Section 101 of the Federal Credit Union Act, 12  
10 U.S.C. §1752 and as amended from time to time, including an  
11 institution-affiliated party of a credit union, as defined in  
12 Section 206(r) of the Federal Credit Union Act, 12 U.S.C. §  
13 1786(r) and as amended from time to time; and any benefit  
14 association, insurance company, safe deposit company, money  
15 market mutual fund, or similar entity doing business or  
16 authorized to do business in the state.

17                   (8) PERSON. As defined in Section 40-1-1.

18                   (9) TAXPAYER. As defined in Section 40-2A-3.

19                   (b) The department may enter into agreements with  
20 financial institutions doing business or authorized to do  
21 business in Alabama to develop and operate a financial  
22 institution data match (FIDM) program utilizing automated data  
23 exchanges to the maximum extent feasible, to provide the  
24 following identifying information, to the extent available for  
25 each delinquent taxpayer who maintains an account with the  
26 financial institution, to the department on a calendar quarter  
27 basis:

- 1 (1) Name.
- 2 (2) Record address.
- 3 (3) Social Security number.
- 4 (4) Federal employer identification number.
- 5 (5) Other tax identification number.
- 6 (6) Other identifying information that may be a part
- 7 of the records of the financial institution.

8 (c) The department may pay a reasonable fee to a  
9 financial institution for conducting a data match, not to  
10 exceed the actual costs incurred by the financial institution.

11 (d) (1) Unless otherwise required by law, a financial  
12 institution furnishing a report or providing information to  
13 the department pursuant to this section shall not disclose to  
14 an account holder that any identifying information of that  
15 delinquent taxpayer has been received from or furnished to the  
16 department.

17 (2) A financial institution may disclose to its  
18 depositors or account holders that the department has the  
19 authority to request certain identifying information on  
20 certain depositors or account holders under the financial  
21 institution data match system for state tax collection  
22 purposes.

23 (e) A financial institution or designated data  
24 processing agent participating in the FIDM program may use the  
25 information provided by the department only for the purpose of  
26 matching records of account holders to identify delinquent

1 taxpayers who are account holders at the financial  
2 institution.

3 (f) A financial institution shall not incur any  
4 obligation or liability to an account holder or any person  
5 arising from any of the following activities:

6 (1) Furnishing information as required by this  
7 section and applicable rules.

8 (2) Failing to disclose to a delinquent taxpayer who  
9 is an account holder that any identifying information of the  
10 delinquent taxpayer was included in the data exchange with the  
11 department required by this section.

12 (3) Any other action taken in good faith to comply  
13 with the requirements of this section.

14 (g) (1) All information provided by a financial  
15 institution under this section is confidential and is  
16 available to the department or its agents for use only to the  
17 extent necessary for the proper administration of matters  
18 administered by the department.

19 (2) The department and its employees shall not incur  
20 any obligation or liability to any person as a result of an  
21 unauthorized disclosure which results from a good faith but  
22 erroneous attempt to comply with this section.

23 (h) The first data exchange for purposes of matching  
24 delinquent taxpayer records to financial institution account  
25 holder records shall occur no earlier than January 1, 2020.

26 (i) The provisions of this section are not intended  
27 to and shall not alter or abrogate statutory procedures and

1 due process protections pursuant to which the department  
2 executes a garnishment against the property of a delinquent  
3 taxpayer in the possession or control of a financial  
4 institution, including the requirement of notice of  
5 garnishment to the taxpayer and the institution, and related  
6 due process requirements and protections.

7 (j) The department shall adopt rules for the  
8 implementation and administration of this act.

9 Section 2. This act shall become effective  
10 immediately upon its passage and approval by the Governor, or  
11 its otherwise becoming law.