



House Revenue Committee

February 11, 2013

Questions during HB 2229 Public Hearing

Prepared by Dennis Maurer, Special Programs Policy Analyst, and  
Deanna Mack, Agency Policy & Legislative Coordinator, February 19, 2013

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*Representative Gelser:*

**What purpose would the OHA use the information?**

Sharing information between the aforementioned agencies provides for an increase of compliance through education and enforcement in general. The Oregon Health Authority like other agencies uses information from various sources to assist in enforcing the laws they have been entrusted to administer.

*Representative Davis:*

**What type of information would we share with other agencies?**

The type of information shared would depend on what information is needed by each agency to administer the laws they are entrusted to enforce. Examples could be; name, address, phone numbers, types of tobacco products the entity deals with as well as what type of business it is.

*Representative Bentz:*

**Why are we limiting this to just tobacco and not alcohol or other areas?**

What we are trying to do with this concept is to line up the Other Tobacco Products program with the Cigarette Tax Program and restore our ability to share information with agencies that regulate or tax tobacco consumption. However, as you can see from the illustration above, OLCC is a partnering agency that Revenue would like to share information with. The Commission can share with us but we cannot share information with them due to the limitations in the statutes governing tobacco products which this bill would correct.

*Representative Barnhart:*

**What is the reason for sharing information between agencies?**

The reason for sharing information among the agencies is to enhance the level of compliance of entities who perform some type of enforcement or regulating of tobacco products. See the responses to questions posed by Representatives Gelser and Berger above.

The reason for having taxpayer information kept confidential for these programs has been outlined in the response to questions related to HB 2232 which is embedded on the next page:

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House Revenue Committee  
February 11, 2013  
Questions during HB 2232 Public Hearing  
Prepared by Deanna Mack, Agency Legislative Coordinator, February 14, 2013

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***Representative Barnhart:***

**Why were corporate tax returns, or even tobacco or other entity type returns, ever “secret” in the first place?**

The history on why tax returns are protected goes back years. While we do not find anything that specifically answers your question as to why they were protected in the first place, we did find some information provided by the Office of Tax Policy, Department of the Treasury from October of 2000 that gives a good history of why tax returns are private. It appears that prior to the 1970s return information was shared regularly under guidance of the Secretary. In the aftermath of the Watergate scandal and due to public concern about the widespread use of tax information by government agencies for purposes unrelated to tax administration, Congress enacted IRC section 6103 which has largely remained unchanged since 1976. We’ve attached a link to the federal document that highlights the reasons why Congress shifted from releasing the information in most cases to protecting the information in most cases. See *Part Two—History and Overview of Relevant Laws* beginning on page 15 for the most relevant information.

[www.treasury.gov/resource-center/tax-policy/Documents/confide.pdf](http://www.treasury.gov/resource-center/tax-policy/Documents/confide.pdf)

In Oregon the disclosure statute, while initially enacted in 1957 was heavily modified in the early seventies, concurrent with the publicity at the federal level. The Administrative Rule for our disclosure statute (OAR 150-314.835) sheds some light on the thought process about protecting returns at the time it was adopted. The rule discusses how essential privacy is to encouraging voluntary reporting and payment of taxes and to assure taxpayers that they will not suffer any adverse consequences of being frank and honest on their return. This is consistent with the above discussion of how the IRS protects returns and return information as well under IRC Section 6103.

While this information is anecdotal and from the point of view of the taxpayer, we believe that corporate or other entity returns are confidential because if those returns were made public it could pose certain financial risks to the company if disclosed. Entity returns typically contain the following types of information:

- Trade secrets or other proprietary information,
- Information about privately held companies,
- Shareholder data and individual ownership information,
- Names of individuals and addresses,
- Tax identification numbers such as Social Security numbers of members/shareholders/partners or the entity’s FEIN,
- Financial data such as stock ownership, real property ownership, etc.

Additionally, we believe that returns that taxpayers who previously filed returns containing information/income from an illegal activity or the underground economy would likely not file those