
House Committee on Revenue

January 31, 2019

HB 2102 Disclosure for Fraud Prevention

Summary

ORS 314.835 prohibits the disclosure of information contained in a tax return. ORS 314.840 provides exceptions to the disclosure rules in particular situations. Through this bill, the Department is requesting to modify our disclosure statutes so the department will be a “full member” in the Identity Theft Tax Refund Fraud Information Sharing and Analysis Center (ISAC), which was created by the IRS as part of the IRS Security Summit.

The Department of Revenue is currently a limited participant in the IRS’s Security Summit, due to laws that keep return information confidential. As part of the summit, the Department receives “industry leads” from tax preparation software companies (e.g. Intuit, H&R Block, etc.). A “lead” is a return that is suspected of being fraudulent based on a software company’s fraud filters. An expectation of receiving these leads is that the Department will provide feedback to the software company (either directly or through the ISAC) either confirming the return is fraudulent or that the return is valid. Because of our disclosure statutes, we currently are prohibited by statute from (and we have not been) providing feedback on industry leads directly to the software companies.

Currently the department has access to “alerts” which are notifications from other states about fraud trends they see, however they aren’t necessarily specific to Oregon. As full members of the ISAC, we will receive industry leads packaged daily specific to Oregon taxpayers. Data sharing is a condition of full participation in the ISAC.¹ A full member must provide data into the ISAC, which could be feedback on industry leads, i.e. whether the lead was fruitful or not. Thus, full participation in the ISAC necessitates a modification to our disclosure statutes.

We ask you to support our efforts at protecting taxpayers from identify theft and enabling us to be a full participant in the ISAC by passing HB 2102.

For more information about this testimony, contact Deanna Mack 503-947-2082.

¹ Identity Theft Tax Refund Fraud Information Sharing and Analysis Center Participant Agreement, Section IV(C)