

54:1-55 to 54:1-67

LEGISLATIVE HISTORY CHECKLIST

(Welfare and compensation fraud--match records of wage earners.)

WASA 54:1-55 to 54:1-67

LAWS OF 1980 CHAPTER 48

Bill No. S.285

Sponsor(s) Dwyer

Date Introduced Pre-filed

Committee: Assembly Institutions, Health and Welfare

Senate Revenue, Finance and Appropriations

Amended during passage Yes Amendments during passage denoted by asterisks.

Date of Passage: Assembly April 17, 1980

Senate February 21, 1980

Date of approval June 26, 1980

Following statements are attached if available:

Sponsor statement	Yes	<input checked="" type="checkbox"/> Also attached: Senate amendments to Assembly amendments adopted 5-1-80.
Committee Statement: Assembly	Yes	<input checked="" type="checkbox"/>
Senate	Yes	<input checked="" type="checkbox"/>
Fiscal Note	<input checked="" type="checkbox"/>	No
Veto message	Yes	<input checked="" type="checkbox"/> Line item veto--July 26, 1980
Message on signing	Yes	<input checked="" type="checkbox"/>
Following were printed:		
Reports	<input checked="" type="checkbox"/>	No
Hearings	<input checked="" type="checkbox"/>	No

New York's "wage reporting" act - L 1978, ch 545

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6-26-80

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SENATE, No. 285

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Senator DWYER

AN ACT requiring the matching of records of persons receiving certain public assistance and unemployment compensation and persons receiving wages from employers.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. This act shall be known and may be cited as the "Wage
2 Reporting Act".

1 2. The Director of the Division of Taxation in the Department
2 of the Treasury shall design, develop and implement a reporting
3 system for the purpose of receiving, maintaining and processing
4 information required to be submitted by employers as specified in
5 this act for the purpose of verifying eligibility for and entitlement
6 to amounts of public assistance benefits, locating absent parents
7 and, in appropriate cases, establishing support obligations and
8 identifying fraud and abuse in connection with the unemployment
9 insurance benefits system.

1 3. The Director of the Division of Public Welfare in the Depart-
2 ment of Human Services shall, within 30 days after the end of each
3 quarter, provide the Division of Taxation, in the Department of
4 the Treasury with a list in a form and manner prescribed by the
5 Director of the Division of Taxation, which shall contain the name
6 and social security number of every person in receipt of public
7 assistance through the Division of Public Welfare or through any
8 county welfare board at any time during the quarter and an
9 appropriate list of names and social security numbers for locating
10 absent parents and, in appropriate cases, for establishing support
11 obligations.

1 4. The Director of the Division of Unemployment and Disability
2 Insurance in the Department of Labor and Industry shall, within
3 30 days after the end of each quarter, provide the Director of the

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

4 Division of Taxation with a list, in a form and manner prescribed
 5 by the Director of the Division of Taxation, which shall contain the
 6 name and social security number of every person in receipt of
 7 unemployment compensation through the Division of Unemploy-
 8 ment and Disability Insurance at any time during the quarter.

1 5. The Director of the Division of Taxation shall compare such
 2 lists with a list of all persons reported as having ****[received**
 3 **wages]**** *****[**been employed**]** *****received wages***** dur-
 4 ing the preceding 3 months by employers in conformity with the
 5 requirements of section 7 of this act.

1 6. Upon making such comparison, the Director of the Division
 2 of Taxation shall provide to the Directors of the Divisions of
 3 Public Welfare and Unemployment and Disability Insurance the
 4 name, ****[amount of wages,]**** *****amount of wages,***** social se-
 5 curity number and employer's name and address, of each person
 6 whose social security number appears on any list provided by either
 7 division and on the list of persons ****[to whom wages were paid]****
 8 *****[**who were employed during the preceding 3 months**]** *******
 9 *****to whom wages were paid*****. The respective divisions shall
 10 investigate and, if appropriate, take action against said person.

1 7. Every employer required to deduct and withhold tax pursu-
 2 ant to the "New Jersey Gross Income Tax Act" (N. J. S. 54A:1-1
 3 et seq.) shall, for each calendar quarter commencing 4 months after
 4 enactment of this act, submit a report to the Director of the
 5 Division of Taxation, within 30 days after the end of such quarter,
 6 in the form and manner prescribed by the Director consistent with
 7 applicable Federal requirements or limitations, of the name ****[,]****
 8 *****[**and**]** *****,***** social security number ****[and gross**
 9 **wages paid to]**** *****[**of**]** *****and gross wages paid to*****
 10 each employee who resides or is employed in this State, ****[with-**
 11 **out regard to whether the wages of such employee are subject to**
 12 **withholding of tax or payment of tax under such act, the amount of**
 13 **gross income tax withheld, if any,]**** *****without regard to whether**
 14 **the wages of such employee are subject to withholding of tax or**
 15 **payment of tax under such act, the amount of gross income tax**
 16 **withheld, if any,**** and any employer identification number which
 17 the employer is required to include on a withholding tax return
 18 filed pursuant to said act.

1 8. Any employer who fails without reasonable cause to comply
 2 with the reporting requirements of this act shall be liable for a
 3 penalty in the following amount for each employee with respect
 4 to whom the employer is required to file a report but who is not

5 included in such report or for whom the required information is
6 not accurately reported, for each employee required to be included,
7 whether or not the employee is included:

8 (1) For the first failure for one quarter in any eight consecutive
9 quarters, up to \$1.00 for each such employee;

10 (2) For the second failure for any quarter in any eight consecu-
11 tive quarters, up to \$5.00 for each such employee; and

12 (3) For the third failure for any quarter in any eight consecu-
13 tive quarters, and for any failure in any eight consecutive quarters
14 which failure is subsequent to the third failure, up to \$25.00 for
15 each such employee.

1 9. Notwithstanding the provisions of R. S. 54:50-8 and R. S.
2 54:50-9, the Division of Taxation or its employees may make **only*
3 *those** disclosures **to officers or employees of the Division of*
4 *Public Welfare in the Department of Human Services, county wel-*
5 *fare boards and the Division of Unemployment and Disability*
6 *Insurance in the Department of Labor and Industry required to*
7 *implement the provisions of* ***[required pursuant to]*** this act*;*
8 *provided, however, that no disclosure may be made to any receiving*
9 *agency herein with respect to Federal tax information obtained*
10 *directly from the Internal Revenue Service pursuant to agreement*
11 *except with the consent of the Internal Revenue Service*.*

1 10. No officer, employee or authorized representative of any
2 agency authorized to receive information pursuant to this act shall
3 disclose any personally identifiable information obtained or main-
4 tained pursuant to this act, provided, however, that an officer or
5 employee of the Division of Unemployment and Disability Insur-
6 ance in the Department of Labor and Industry, the Division of
7 Public Welfare in the Department of Human Services, or a county
8 welfare board is authorized to disclose to any employer any
9 information reported by the employer, including any information
10 relating to the correctness of an employee's social security number,
11 or to disclose to any employee any information reported which
12 relates to the employee; and any officer or employee of the Division
13 of Taxation is authorized to disclose to any employer, being notified
14 of a determination of failure to comply with this act, any informa-
15 tion concerning the employer's report or failure to report; pro-
16 vided, however, the Division of Taxation may utilize data reported
17 pursuant to this act for purposes of verifying compliance with any
18 tax imposed pursuant to Title 54 of the Revised Statutes and
19 Title 54A of the New Jersey Statutes.

20 A person who intentionally violates the provisions of this section
21 commits a crime of the fourth degree.

1 11. The Director of the Division of Taxation shall promulgate
2 rules and regulations for the purpose of carrying out the provisions
3 of this act.

1 12. Based on information received from the Directors of the
2 Divisions of Unemployment and Disability Insurance and Public
3 Welfare, the Director of the Division of Taxation shall submit to
4 the Governor and the Legislature no later than April 1, in each
5 year beginning with 1981 and ending with 1984, a detailed report
6 relating to the cost effectiveness of the "Wage Reporting Act" and
7 any legislative recommendation pertaining thereto.

1 13. The administration of this act shall be governed by the
2 provisions of the State Tax Uniform Procedure Law (subtitle 9
3 of Title 54 of the Revised Statutes), where applicable.

1 14. There is appropriated to the Division of Taxation in the
2 Department of the Treasury the sum of *~~[\$3,000,000.00~~ to imple-
3 ment the provisions of this act through June 30, 1981. Any unex-
4 pended balance as of June 30, 1980 is appropriated for fiscal year
5 1981] * \$1,000,000.00 for the fiscal year ending June 30, 1981*.
5A In each fiscal year *~~[thereafter]~~*, the Director of the Division of
6 Budget and Accounting shall *~~[, by debit and credit,]~~* charge the
7 appropriate accounts of the Department of Labor and Industry
8 and the Department of Human Services in amounts sufficient to
9 reimburse the Division of Taxation for the cost of designing, de-
10 veloping and implementing the reporting system prescribed by
11 this act*, and in a manner which will maximize available Federal
12 funding for the activities required pursuant to this act*.

1 15. This act shall take effect immediately, provided, however,
2 that the first quarterly report to be filed shall be for the quarter
3 next commencing at least 4 months from the effective date of this
4 act. This act shall expire July 1, 1984, but the reporting provisions
5 of *~~[section]~~* *sections 3, 4, and* 7 of this act shall expire
6 *~~[August 1, 1983]~~* *January 31, 1984*.

5 In each fiscal year thereafter, the Director of the Division of
6 Budget and Accounting shall, by debit and credit, charge the
7 appropriate accounts of the Department of Labor and Industry
8 and the Department of Human Services in amounts sufficient to
9 reimburse the Division of Taxation for the cost of designing, de-
10 veloping and implementing the reporting system prescribed by
11 this act.

1 15. This act shall take effect immediately, provided, however,
2 that the first quarterly report to be filed shall be for the quarter
3 next commencing at least 4 months from the effective date of this
4 act. This act shall expire July 1, 1984, but the reporting provisions
5 of section 7 of this act shall expire August 1, 1983.

STATEMENT

This bill establishes a wage reporting system which will, for the first time, permit the Division of Taxation to match records of persons receiving wages in this State, with those receiving public assistance and unemployment compensation. The purpose is to focus the State's efforts in detecting fraud, abuse and error in these programs.

Similar efforts in New York and elsewhere have proven to be fruitful in terms of producing more benefits than the cost of implementation.

5285 (1980)

ASSEMBLY INSTITUTIONS, HEALTH AND WELFARE
COMMITTEE

STATEMENT TO
SENATE, No. 285
[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: APRIL 14, 1980

This bill establishes a wage reporting system which will permit the Division of Taxation to match the records of persons receiving wages in New Jersey with those individuals receiving unemployment compensation and public assistance. The objective is to focus the State's efforts in detecting error, fraud and abuse in these programs.

This legislation appropriates \$1 million and provides a clear statement that available Federal funding be utilized to the maximum extent possible. Additionally, the bill contains a sunset provision.

The committee strongly agrees with the purpose of this legislation and released the bill without amendment.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
SENATE, No. 285
with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 4, 1980

The Senate Revenue, Finance and Appropriations Committee concurs in the sponsor's statement on the bill and for purpose of establishing a legislative record adopts the sponsor's statement as reprinted here as the committee statement.

This bill establishes a wage reporting system which will, for the first time, permit the Division of Taxation to match records of persons receiving wages in this State, with those receiving public assistance and unemployment compensation. The purpose is to focus the State's efforts in detecting fraud, abuse and error in these programs.

Similar efforts in New York and elsewhere have proven to be fruitful in terms of producing more benefits than the cost of implementation.

COMMITTEE AMENDMENTS

The committee amendments to section 9 will ensure that the Division of Taxation's exemption from the privacy provisions of tax law applies only to providing the information to the Divisions of Welfare and Unemployment and Disability Insurance that are required by the act. Secondly, Internal Revenue Service permission is required if Federal tax information directly obtained from the Internal Revenue Service is used.

The appropriation in section 14 is reduced from \$3 million to \$1 million. Additionally, the amendment to this section provides a clear statement of intent that Federal funds be utilized to the greatest extent possible.

The expiration of the reporting provisions in section 15 is extended from August 1, 1983 to January 31, 1984 in order to complete a full calendar year. Additionally, the expiration date applicable to reporting requirements is extended to the information that the Divisions of Public Welfare and Unemployment and Disability Insurance submit to the Director of Taxation.

SENATE AMENDMENTS TO
ASSEMBLY AMENDMENTS TO
SENATE, No. 285

[ASSEMBLY REPRINT]

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STATE OF NEW JERSEY

ADOPTED MAY 1, 1980

Amend page 2, section 5, line 3, omit "been employed", reinsert "received wages".

Amend page 2, section 6, line 4, after "wages,]", reinsert "amount of wages,".

Amend page 2, section 6, lines 7-8, omit "who were employed during the preceding 3 months", reinsert "to whom wages were paid".

Amend page 2, section 7, line 8, omit "and", reinsert ",".

Amend page 2, section 7, line 9, omit "of", reinsert "and gross wages paid to".

Amend page 2, section 7, line 12, after "any,]", reinsert "without regard to whether the wages of such employee are subject to withholding of tax or payment of tax under such act, the amount of gross income tax withheld, if any,".

STATEMENT

These amendments amend the Assembly amendments to restore the bill to the form in which the Senate passed it.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

July 26, 1980

SENATE BILL No. 285 (2 OCR)

To the Senate:

Pursuant to Article V, Section I, Paragraph 15 of the Constitution, I am appending to Senate Bill No. 285 (2 OCR) at the time of signing it, this statement of the items, or parts thereof, to which I object so that each item, or parts thereof, so objected to shall not take effect.

On Page 4, Section 14, Line 5: The \$1,000,000 appropriation for
the fiscal year ending June 30,
1981 is eliminated entirely.

This bill, the "Wage Reporting Act," provides for the matching of wage records with unemployment compensation and public assistance records in order to detect and deter fraud. I support the purpose of this bill.

The bill, however, includes a \$1 million fiscal year 1980 appropriation to implement the "Wage Reporting Act" during fiscal year 1981. There is insufficient budget cap leeway to permit such a large appropriation in the final days of the 1980 fiscal year. In addition, the funds necessary to implement the "Wage Reporting Act" have been included in the fiscal year 1981 budget bill, Senate Bill No. 1309. Accordingly, I am eliminating the appropriation in Senate Bill No. 285 (2 OCR).

Respectfully,

/s/ Brendan Byrne

GOVERNOR

[seal]

Attest:

/s/ Harold L. Hodes

CHIEF OF STAFF, SECRETARY

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JUNE 26, 1980

PATRICK SWEENEY

Governor Brendan Byrne today signed S-282 and S-285, both sponsored by Senator Bernard J. Dwyer (D-Middlesex).

S-282, known as the "Identification Cards for the Disabled Act," requires the Division of Motor Vehicles to issue identification cards to New Jersey residents aged 17 or older who, by reason of blindness, disability or handicap, are unable to obtain a driver's license.

The identification cards will look like a driver's license, except they will be blue and marked "For Identification Only."

The bill requires a \$2 fee for each issuance or renewal of such an identification card. The card will be valid for two years.

The bill appropriated \$50,000 to the Division of Motor Vehicles for start-up costs, which the Governor reduced to \$35,000, by a line item veto, in order to keep the fiscal year 1980 budget within the budget cap.

The bill becomes effective on January 1, 1981.

S-285, known as the "Wage Reporting Act," provides for the matching of wage records within unemployment compensation and public assistance records in order to detect fraud.

The bill requires employers to file a report with the Division of Taxation 30 days after the end of each quarter, which will list the name, social security number, and gross wages paid to each person employed during the preceding quarter. The Division of Welfare will, at the same time, submit a list of the names and social security numbers of public assistance recipients to the Division of Taxation, and the Division of Unemployment and Disability Insurance will do the same for those receiving unemployment compensation.

The Division of Taxation will match by computer the names and social security numbers of persons who were employed and on the public assistance or unemployment compensation lists. This information will then be forwarded to the appropriate division for investigation and, if warranted, action.

The bill contains penalties for non-compliance by employers, and provisions to protect the confidentiality of information. The Division of Taxation estimates that full year implementation will require \$3 million. This amount will be partially offset by federal funds for the costs which can be attributed to the administration of the public assistance program.

The bill appropriated \$1 million, which the Governor eliminated with a line item veto, because there is insufficient budget cap leeway to permit such a large appropriation in the final days of the 1980 fiscal year. The Governor said, however, "the funds necessary to implement the 'Wage Reporting Act' have been included in the fiscal year 1981 budget bill, Senate Bill No. 1309."

The bill takes effect on April 1, 1981.

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7. The provisions of this section shall only be applicable in the cities, towns and villages located in the counties of Nassau, Westchester and Rockland which by resolution adopted by the respective local legislative body of such city, town or village, elect that the provisions hereof shall be applicable therein. A certified copy of such resolution shall be filed in the office of the attorney general at Albany and shall become effective on the thirtieth day next succeeding the date of such filing.

§ 3

§ 4: If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the validity of the remainder of this act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

§ 4

§ 5. This act shall take effect immediately and shall be applicable to every conversion plan on file with the state department of law on such date pending but not yet declared effective and every conversion plan thereafter filed; provided that the provisions of sections one and three of this act shall remain in full force and effect until July first, nineteen hundred eighty-one.

§ 5

Chapter 545

FRAUD PREVENTION--STATEWIDE WAGE

REPORTING SYSTEM

AN ACT to amend the social services law, the tax law and the labor law, in relation to a statewide wage reporting system; utilization of information obtained therefrom

Approved July 24, 1978, effective as provided in § 7.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative findings. The legislature hereby finds that the development of a wage reporting system will significantly improve the state's effort in the administration of programs of unemployment insurance and public assistance.

§ 1

The legislature recognizes that the location of a wage reporting system in an agency or department of the state is of primary concern so as to protect

matter in brackets [] is old law to be deleted.

- § 1 confidentiality and minimize the burden on employers.
 The legislature further recognizes that the success of a wage reporting system in administration of unemployment insurance and public assistance can only be achieved through cooperation among all departments involved in the development and utilization of the system.
- It is therefore the intent of the legislature that a wage reporting system be developed and operated by the department of taxation and finance, which currently collects wage information, since such department enjoys the confidence of the business community and the taxpayers of the state in its ability to maintain and protect the confidentiality of such information.
- § 2 § 2. The social services law is hereby amended by adding thereto a new section twenty-three to read as follows:
- § 23. *Wage reporting system.* 1. *The department is authorized to provide information obtained from the wage reporting system as operated by the state department of taxation and finance to local social services districts with respect to applicants for and recipients of public assistance and care or other benefits pursuant to this chapter for which such district is responsible.*
2. *Notwithstanding any law to the contrary, the department, upon request by the office of welfare inspector general, shall provide said office with such information it receives from the wage reporting system operated by the department of taxation and finance that the office of welfare inspector general deems necessary to carry out its functions and duties under article four of the executive law.*
3. *Information obtained by the department from the wage reporting system operated by the state department of taxation and finance shall be considered confidential and shall not be disclosed to persons or agencies other than those considered entitled to such information when such disclosure is necessary for the proper administration of programs of public assistance and care.*
- § 3 § 3. The tax law is hereby amended by adding a new section one hundred seventy-one-a to read as follows:
- § 171-a. *Statewide wage reporting system.* (1) *The department of taxation and finance shall design, develop, implement and operate a wage reporting system within the department utilizing information submitted by employers required to deduct and withhold tax under article twenty-two of this chapter. The department of taxation and finance is authorized to require submission of a report, in such form and in such manner as may be prescribed by regulations for not more frequently than four times per annum, of the name, social security account number, and gross wages paid to each employee who resides or is employed in this state, whether or not such employee is a resident for purposes of this chapter and whether or not the wages of such employee are subject to withholding of tax or payments of tax under such article.*
- (2) *Such system shall be designed in a manner compatible with existing reporting requirements, to the extent possible, consistent with the goals of such system.*
- (3) *Notwithstanding any law to the contrary and not later than September first, nineteen hundred seventy-eight, the commissioner of taxation and finance shall enter into a cooperative agreement with the state department of social services, which agreement shall provide for the utilization of information obtained pursuant to subdivision one hereof, for the purpose of verifying eligibility for and entitlement to amounts of benefits under the social services law, locating absent parents and, in*

EXPLANATION--Matter underlined or in italics is new;

appropriate cases, establishing support obligations pursuant to the social services law and the family court act.

§ 3

(4) Notwithstanding any law to the contrary and not later than September first, nineteen hundred seventy-eight, the commissioner of taxation and finance shall enter into a cooperative agreement with the state department of labor, sharing information obtained pursuant to subdivision one hereof, for the purpose of identifying fraud and abuse within the unemployment benefits system. Such information shall include former and current employers of such applicants or claimants but shall be otherwise limited to the employer, the employer's identification number, the employee and the employee's social security number, and shall not include information relating to the amount of wages paid.

(5) Any employer required to submit a report pursuant to the provisions hereof and who fails, without reasonable cause, to comply with such reporting requirements and who, after notification by certified mail, return receipt requested, of such failure continues for more than fifteen business days after mailing of such notice to fail to comply without reasonable cause, shall be liable for a penalty in the following amount for each employee with respect to whom such employer is required to file a report but who is not included in such report or for whom the required information is not accurately reported, or in the case of the failure to file such report within the time limits after notification as described above, for each employee required to be included, whether or not such employee is included:

(a) For the first such failure for one reporting period in any eight consecutive reporting periods, up to one dollar for each such employee;

(b) For the second such failure for any reporting period in any eight consecutive reporting periods, up to five dollars for each such employee; and

(c) For the third such failure for any reporting period in any eight consecutive reporting periods, and for any such failure in any eight consecutive reporting periods which failure is subsequent to the third such failure, up to twenty-five dollars for each employee.

The procedure governing the assessment, collection and payment of the penalties provided for in this section shall be the same procedure which governs the imposition of penalties under section six hundred eighty-five of this chapter, as provided for in subsection l of such section, except that any reference in the applicable provisions to the state tax commission shall be read as a reference to the commissioner of taxation and finance.

(6) No employer shall be subject to any civil or criminal liability by reason of his disclosure to the department of any information required to be disclosed pursuant to this subdivision unless such information is knowingly and wilfully reported incorrectly.

(7) The provisions of the state freedom of information act shall not apply to any personally identifiable information obtained by any agency or any public official pursuant to the provisions hereof.

§ 4. Subsection (e) of section six hundred ninety-seven of such law, as amended by chapter eight hundred ninety-five of the laws of nineteen hundred sixty-eight, is hereby amended to read as follows:

§ 4

(e) Secrecy requirement and penalties for violation.— Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the tax commission, any tax commissioner, any officer or employee of the

matter in brackets [] is old law to be deleted.

§ 4

department of taxation and finance, any person engaged or retained by such department on an independent contract basis, any depository to which any return may be delivered as provided in subsections (h) or (i) of this section, any officer or employee of such depository, or any person who, pursuant to this section, is permitted to inspect any report or return or to whom a copy, an abstract or a portion of any report or return is furnished, or to whom any information contained in any report or return is furnished, to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required under this article or *under section one hundred seventy-one-a of this chapter*. The officers charged with the custody of such reports and returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except on behalf of the tax commission in an action or proceeding under the provisions of the tax law or in any other action or proceeding involving the collection of a tax due under this chapter to which the state or the tax commission is a party or a claimant, or on behalf of any party to any action or proceeding under the provisions of this article when the reports, returns or facts shown thereby are directly involved in such action or proceeding, in any of which events the court may require the production of, and may admit in evidence, so much of said reports, returns or of the facts shown thereby, as are pertinent to the action or proceeding and no more. The tax commission may, nevertheless, publish a copy or a summary of any decision rendered after the hearing required under section six hundred eighty-nine of this chapter. Nothing herein shall be construed to prohibit the delivery to a taxpayer or his duly authorized representative of a certified copy of any return or report filed in connection with his tax or to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof, or the inspection by the attorney-general or other legal representatives of the state of the report or return of any taxpayer who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding under this chapter has been recommended by the commissioner of taxation and finance or the attorney-general or has been instituted, or the inspection of the reports or returns required under this article by the comptroller or duly designated officer or employee of the state department of audit and control, for purposes of the audit of a refund of any tax paid by a taxpayer under this article, *or the furnishing of employee and employer information obtained through the wage reporting system, pursuant to section one hundred seventy-one-a of this chapter, to the state department of social services for the purpose of verifying eligibility for and entitlement to amounts of benefits under the social services law, locating absent parents and, in appropriate cases, establishing support obligations pursuant to the social services law and the family court act, and to the state department of labor for the purpose of identifying fraud and abuse within the unemployment benefits system. Provided, however, that with respect to employee information the department of social services shall only be furnished with the names, social security account numbers and gross wages of those employees who are applicants for or recipients of benefits under the social services law or absent parents and, only if, the department of social services certifies to the commissioner of taxation and finance that such persons are such applicants, recipients or absent parents. Provided, further, that with respect*

EXPLANATION--Matter underlined or in italics is new;

to employee information, the department of labor shall only be furnished with the names and social security numbers of those employees who are applicants for or recipients of benefits under the unemployment benefits system and are so certified to the commissioner of taxation and finance by the department of labor. Reports and returns shall be preserved for three years and thereafter until the tax commission orders them to be destroyed. Any violation of the provisions of this subsection shall be punished by a fine not exceeding one thousand dollars or by imprisonment not exceeding one year, or both, at the discretion of the court, and if the offender be an officer or employee of the state, he shall be dismissed from office and be incapable of holding any public office in this state for a period of five years thereafter.

§ 4

§ 5. Section five hundred thirty-seven of the labor law is hereby amended by adding a new subdivision four to read as follows:

§ 5

4. Information obtained by the department from the wage reporting system operated by the state department of taxation and finance shall be considered confidential and shall not be disclosed to persons or agencies other than those considered entitled to such information when such disclosure is necessary for the proper administration of the unemployment benefit system.

§ 6. The state departments of social services, labor and taxation and finance shall jointly prepare and submit to the governor and legislature by no later than the first day of February, in each year beginning with the year nineteen hundred seventy-nine and ending with the year nineteen hundred eighty-one, a detailed report relating to the achievements to date and any major problems encountered in designing, developing and implementing the wage reporting system; the current status of implementation; any plans or options for future implementation or operation of the system; the effectiveness of all measures taken to prevent the unauthorized disclosure of personally identifiable information maintained in the wage reporting system; the fiscal impact on employers of the reporting requirements and enforcement efforts; and the cost effectiveness of the development and operation of the system.

§ 6

§ 7

§ 7. This act shall take effect immediately, but shall remain in full force and effect only until March thirty-first, nineteen hundred eighty-one.

matter in brackets [] is old law to be deleted.