

54:50-37

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2004 **CHAPTER:** 56
NJSA: 54:50-37 (Electronic reporting of tax debtor account information)
BILL NO: A3129 (Substituted for S1777)
SPONSOR(S): McKeon

DATE INTRODUCED: June 21, 2004

COMMITTEE: **ASSEMBLY:** Budget

SENATE ----

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 24, 2004

SENATE: June 24, 2004

DATE OF APPROVAL: June 29, 2004

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) Original version of bill enacted

A3129

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

S1777

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

Bill and Sponsors Statement identical to A3129

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L. 2004, CHAPTER 56, *approved June 29, 2004*
Assembly, No. 3129

1 **AN ACT** concerning the reporting of certain account information by
2 financial institutions to the Director of the Division of Taxation and
3 supplementing subtitle 9 of Title 54 of the Revised Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. For purposes of this section:

9 "Account" means a demand deposit account, checking or negotiable
10 order of withdrawal account, savings account, time deposit account,
11 or money market mutual fund account. "Account" also includes an
12 equity securities account if permitted under federal law. "Account"
13 does not include: an account to which a tax debtor does not have
14 access due to the pledge of funds as security for a loan or other
15 obligation; funds deposited to an account after the time that a financial
16 institution initially attaches an account; an account to which a financial
17 institution has a present right to exercise a right of set off; an account
18 to which the tax debtor does not have an unconditional right of access;
19 and an account that has an account holder of interest named as an
20 owner on the account.

21 "Account holder of interest" means any person, other than the tax
22 debtor, who asserts an ownership interest in an account.

23 "Director" means the Director of the Division of Taxation in the
24 Department of the Treasury.

25 "Financial institution" means a State or federally chartered bank,
26 savings bank, savings and loan or credit union; a benefit association;
27 insurance company; safe deposit company; money market mutual fund;
28 or similar entity authorized to do business in this State. "Financial
29 institution" also includes an investment and loan corporation if
30 permitted under federal law.

31 "Tax debtor" means a person liable for a State tax indebtedness,
32 including tax, interest, penalties and related fees, that has been reduced
33 to judgment pursuant to a Certificate of Debt filed with the Clerk of
34 the Superior Court by the director.

35 b. The Director may request assistance and information from
36 financial institutions in order to collect on the judgment of a tax
37 debtor, as follows:

38 (1) Not more frequently than once every calendar quarter, or as
39 otherwise agreed to by the financial institution, the director may
40 provide to a financial institution information in an electronic format
41 containing the names, social security numbers or other taxpayer
42 identification numbers and any other identifying information within the
43 director's records, of tax debtors and request that the financial
44 institution provide a report to the director pursuant to paragraph (2)
45 of this subsection.

1 (2) Within 30 days of the request by the director, or as otherwise
2 agreed to by the financial institution, the financial institution shall
3 provide a report, in an electronic format prescribed by the director,
4 containing the following information appearing in the records of the
5 financial institution with respect to each tax debtor having an account
6 with that financial institution: full name; address; social security or
7 other taxpayer identification number; any other identifying
8 information; and all account numbers and the balances in each account.

9 c. A financial institution that complies with a request from the
10 director by submitting a report to the director in accordance with this
11 section shall not be liable under State law to any person for any
12 disclosure of information to the director, or any other action taken in
13 good faith to comply with the requirements of this section.

14 d. A financial institution furnishing a report to the director under
15 this section is prohibited from disclosing to a tax debtor that the name
16 of the debtor has been received from or furnished to the director
17 unless authorized in writing by the director. A violation of this
18 subsection shall result in the imposition of a civil penalty of \$1,000 for
19 each instance of unauthorized disclosure by a financial institution.

20 e. The director may institute civil proceedings to enforce the
21 provisions of this section.

22 f. The procedures described in this section are in addition to any
23 remedies available by law to the director for the collection of tax
24 indebtedness.

25 g. The director may promulgate regulations concerning the
26 administration of this section.

27
28 2. This act shall take effect immediately.
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31 STATEMENT

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33 This bill allows the Director of the Division of Taxation to obtain
34 from financial institutions information concerning accounts held in the
35 name of tax debtors at those institutions by way of an electronic
36 reporting system. This will thereafter allow the director to attach
37 those accounts in fulfillment of the tax debtor's State tax liability.

38 Under the bill, the director, on a quarterly basis, may provide to a
39 financial institution information in an electronic format containing the
40 names, and social security numbers or other taxpayer identification
41 numbers and any other identifying information within the director's
42 records, of tax debtors and request that the financial institution
43 provide a report to the director which contains, with respect to each
44 tax debtor having an account with that financial institution, the
45 following information: full name; address; social security or other
46 taxpayer identification number; any other identifying information; and

1 all account numbers and the balances in each account.

2 This proposal is based upon a recommendation in the Governor's
3 budget for Fiscal Year 2005 and is based upon an initiative enacted in
4 Maryland in 2003. It is essentially a codification and "modernization"
5 or "streamlining" of the current practice by which the accounts of tax
6 debtors are identified or located satisfy outstanding tax obligations.
7 The information obtained under the provisions of the bill will enable
8 the Director of the Division of Taxation to process attachment of tax
9 liens in bulk, thereby increasing the number of such attachments and
10 ultimately, tax revenues to the State.

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15 _____
16 Authorizes electronic reporting of tax debtor account information by
certain financial institutions to the Division of Taxation.

ASSEMBLY, No. 3129

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED JUNE 21, 2004

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex)

Co-Sponsored by:

Senator Lesniak

SYNOPSIS

Authorizes electronic reporting of tax debtor account information by certain financial institutions to the Division of Taxation.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/25/2004)

1 AN ACT concerning the reporting of certain account information by
2 financial institutions to the Director of the Division of Taxation and
3 supplementing subtitle 9 of Title 54 of the Revised Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. a. For purposes of this section:

9 "Account" means a demand deposit account, checking or negotiable
10 order of withdrawal account, savings account, time deposit account,
11 or money market mutual fund account. "Account" also includes an
12 equity securities account if permitted under federal law. "Account"
13 does not include: an account to which a tax debtor does not have
14 access due to the pledge of funds as security for a loan or other
15 obligation; funds deposited to an account after the time that a financial
16 institution initially attaches an account; an account to which a financial
17 institution has a present right to exercise a right of set off; an account
18 to which the tax debtor does not have an unconditional right of access;
19 and an account that has an account holder of interest named as an
20 owner on the account.

21 "Account holder of interest" means any person, other than the tax
22 debtor, who asserts an ownership interest in an account.

23 "Director" means the Director of the Division of Taxation in the
24 Department of the Treasury.

25 "Financial institution" means a State or federally chartered bank,
26 savings bank, savings and loan or credit union; a benefit association;
27 insurance company; safe deposit company; money market mutual fund;
28 or similar entity authorized to do business in this State. "Financial
29 institution" also includes an investment and loan corporation if
30 permitted under federal law.

31 "Tax debtor" means a person liable for a State tax indebtedness,
32 including tax, interest, penalties and related fees, that has been reduced
33 to judgment pursuant to a Certificate of Debt filed with the Clerk of
34 the Superior Court by the director.

35 b. The Director may request assistance and information from
36 financial institutions in order to collect on the judgment of a tax
37 debtor, as follows:

38 (1) Not more frequently than once every calendar quarter, or as
39 otherwise agreed to by the financial institution, the director may
40 provide to a financial institution information in an electronic format
41 containing the names, social security numbers or other taxpayer
42 identification numbers and any other identifying information within the
43 director's records, of tax debtors and request that the financial
44 institution provide a report to the director pursuant to paragraph (2)
45 of this subsection.

46 (2) Within 30 days of the request by the director, or as otherwise

1 agreed to by the financial institution, the financial institution shall
2 provide a report, in an electronic format prescribed by the director,
3 containing the following information appearing in the records of the
4 financial institution with respect to each tax debtor having an account
5 with that financial institution: full name; address; social security or
6 other taxpayer identification number; any other identifying
7 information; and all account numbers and the balances in each account.

8 c. A financial institution that complies with a request from the
9 director by submitting a report to the director in accordance with this
10 section shall not be liable under State law to any person for any
11 disclosure of information to the director, or any other action taken in
12 good faith to comply with the requirements of this section.

13 d. A financial institution furnishing a report to the director under
14 this section is prohibited from disclosing to a tax debtor that the name
15 of the debtor has been received from or furnished to the director
16 unless authorized in writing by the director. A violation of this
17 subsection shall result in the imposition of a civil penalty of \$1,000 for
18 each instance of unauthorized disclosure by a financial institution.

19 e. The director may institute civil proceedings to enforce the
20 provisions of this section.

21 f. The procedures described in this section are in addition to any
22 remedies available by law to the director for the collection of tax
23 indebtedness.

24 g. The director may promulgate regulations concerning the
25 administration of this section.

26

27 2. This act shall take effect immediately.

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STATEMENT

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32 This bill allows the Director of the Division of Taxation to obtain
33 from financial institutions information concerning accounts held in the
34 name of tax debtors at those institutions by way of an electronic
35 reporting system. This will thereafter allow the director to attach
36 those accounts in fulfillment of the tax debtor's State tax liability.

37 Under the bill, the director, on a quarterly basis, may provide to a
38 financial institution information in an electronic format containing the
39 names, and social security numbers or other taxpayer identification
40 numbers and any other identifying information within the director's
41 records, of tax debtors and request that the financial institution
42 provide a report to the director which contains, with respect to each
43 tax debtor having an account with that financial institution, the
44 following information: full name; address; social security or other
45 taxpayer identification number; any other identifying information; and
46 all account numbers and the balances in each account.

A3129 MCKEON

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1 This proposal is based upon a recommendation in the Governor's
2 budget for Fiscal Year 2005 and is based upon an initiative enacted in
3 Maryland in 2003. It is essentially a codification and "modernization"
4 or "streamlining" of the current practice by which the accounts of tax
5 debtors are identified or located satisfy outstanding tax obligations.
6 The information obtained under the provisions of the bill will enable
7 the Director of the Division of Taxation to process attachment of tax
8 liens in bulk, thereby increasing the number of such attachments and
9 ultimately, tax revenues to the State.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3129

STATE OF NEW JERSEY

DATED: JUNE 22, 2004

The Assembly Budget Committee reports favorably Assembly Bill No. 3129.

Assembly Bill No. 3129 allows the Director of the Division of Taxation to use an electronic reporting system to obtain information concerning accounts held in the name of tax debtors from financial institutions. This will thereafter allow the director to attach those accounts to satisfy tax debtor's State tax liability.

Under the bill, the director, on a quarterly basis, may provide to a financial institution information in an electronic format containing the names, and social security numbers or other taxpayer identification numbers and any other identifying information within the director's records, of tax debtors and request that the financial institution provide a report to the director which contains, with respect to each tax debtor having an account with that financial institution, the following information: full name; address; social security or other taxpayer identification number; any other identifying information; and all account numbers and the balances in each account.

This proposal is based upon a recommendation in the Governor's budget for Fiscal Year 2005 which was on an initiative enacted in Maryland in 2003. It is essentially a codification and "modernization" or "streamlining" of the current practice by which the accounts of tax debtors are identified or located to satisfy outstanding tax obligations. The information obtained under the bill will allow the Director of the Division of Taxation to process attachment of tax liens in bulk, increasing the number of such attachments and ultimately, tax revenues to the State.

FISCAL IMPACT:

This substitute has no impact on State revenues or expenditures. At this time, the Executive branch has not provided any information concerning the fiscal impact of the provisions of this bill on school districts.

SENATE, No. 1777

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JUNE 17, 2004

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

SYNOPSIS

Authorizes electronic reporting of tax debtor account information by certain financial institutions to the Division of Taxation.

CURRENT VERSION OF TEXT

As introduced.



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2 financial institutions to the Director of the Division of Taxation and
3 supplementing subtitle 9 of Title 54 of the Revised Statutes.

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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. a. For purposes of this section:

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10 order of withdrawal account, savings account, time deposit account,
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13 does not include: an account to which a tax debtor does not have
14 access due to the pledge of funds as security for a loan or other
15 obligation; funds deposited to an account after the time that a financial
16 institution initially attaches an account; an account to which a financial
17 institution has a present right to exercise a right of set off; an account
18 to which the tax debtor does not have an unconditional right of access;
19 and an account that has an account holder of interest named as an
20 owner on the account.

21 "Account holder of interest" means any person, other than the tax
22 debtor, who asserts an ownership interest in an account.

23 "Director" means the Director of the Division of Taxation in the
24 Department of the Treasury.

25 "Financial institution" means a State or federally chartered bank,
26 savings bank, savings and loan or credit union; a benefit association;
27 insurance company; safe deposit company; money market mutual fund;
28 or similar entity authorized to do business in this State. "Financial
29 institution" also includes an investment and loan corporation if
30 permitted under federal law.

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32 including tax, interest, penalties and related fees, that has been reduced
33 to judgment pursuant to a Certificate of Debt filed with the Clerk of
34 the Superior Court by the director.

35 b. The Director may request assistance and information from
36 financial institutions in order to collect on the judgment of a tax
37 debtor, as follows:

38 (1) Not more frequently than once every calendar quarter, or as
39 otherwise agreed to by the financial institution, the director may
40 provide to a financial institution information in an electronic format
41 containing the names, social security numbers or other taxpayer
42 identification numbers and any other identifying information within the
43 director's records, of tax debtors and request that the financial
44 institution provide a report to the director pursuant to paragraph (2)
45 of this subsection.

46 (2) Within 30 days of the request by the director, or as otherwise

1 agreed to by the financial institution, the financial institution shall
2 provide a report, in an electronic format prescribed by the director,
3 containing the following information appearing in the records of the
4 financial institution with respect to each tax debtor having an account
5 with that financial institution: full name; address; social security or
6 other taxpayer identification number; any other identifying
7 information; and all account numbers and the balances in each account.

8 c. A financial institution that complies with a request from the
9 director by submitting a report to the director in accordance with this
10 section shall not be liable under State law to any person for any
11 disclosure of information to the director, or any other action taken in
12 good faith to comply with the requirements of this section.

13 d. A financial institution furnishing a report to the director under
14 this section is prohibited from disclosing to a tax debtor that the name
15 of the debtor has been received from or furnished to the director
16 unless authorized in writing by the director. A violation of this
17 subsection shall result in the imposition of a civil penalty of \$1,000 for
18 each instance of unauthorized disclosure by a financial institution.

19 e. The director may institute civil proceedings to enforce the
20 provisions of this section.

21 f. The procedures described in this section are in addition to any
22 remedies available by law to the director for the collection of tax
23 indebtedness.

24 g. The director may promulgate regulations concerning the
25 administration of this section.

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27 2. This act shall take effect immediately.

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STATEMENT

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32 This bill allows the Director of the Division of Taxation to obtain
33 from financial institutions information concerning accounts held in the
34 name of tax debtors at those institutions by way of an electronic
35 reporting system. This will thereafter allow the director to attach
36 those accounts in fulfillment of the tax debtor's State tax liability.

37 Under the bill, the director, on a quarterly basis, may provide to a
38 financial institution information in an electronic format containing the
39 names, and social security numbers or other taxpayer identification
40 numbers and any other identifying information within the director's
41 records, of tax debtors and request that the financial institution
42 provide a report to the director which contains, with respect to each
43 tax debtor having an account with that financial institution, the
44 following information: full name; address; social security or other
45 taxpayer identification number; any other identifying information; and
46 all account numbers and the balances in each account.

S1777 LESNIAK

1 This proposal is based upon a recommendation in the Governor's
2 budget for Fiscal Year 2005 and is based upon an initiative enacted in
3 Maryland in 2003. It is essentially a codification and "modernization"
4 or "streamlining" of the current practice by which the accounts of tax
5 debtors are identified or located satisfy outstanding tax obligations.
6 The information obtained under the provisions of the bill will enable
7 the Director of the Division of Taxation to process attachment of tax
8 liens in bulk, thereby increasing the number of such attachments and
9 ultimately, tax revenues to the State.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1777

STATE OF NEW JERSEY

DATED: JUNE 21, 2004

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1777.

This bill allows the Director of the Division of Taxation to obtain from financial institutions information concerning accounts held in the name of tax debtors at those institutions by way of an electronic reporting system. This will thereafter allow the director to attach those accounts in fulfillment of the tax debtor's State tax liability.

Under the bill, the director, on a quarterly basis, may provide to a financial institution information in an electronic format containing the names, and social security numbers or other taxpayer identification numbers and any other identifying information within the director's records, of tax debtors and request that the financial institution provide a report to the director which contains, with respect to each tax debtor having an account with that financial institution, the following information: full name; address; social security or other taxpayer identification number; any other identifying information; and all account numbers and the balances in each account.

This proposal is based upon one of several recommendation in the Governor's budget for Fiscal Year 2005, and similar to an initiative enacted in Maryland in 2003. It is essentially a codification and "modernization" or "streamlining" of the current practice by which the accounts of tax debtors are identified or located satisfy outstanding tax obligations. The information obtained under the provisions of the bill will enable the Director of the Division of Taxation to process attachment of tax liens in bulk, thereby increasing the number of such attachments and ultimately, tax revenues to the State.

FISCAL IMPACT

No data are available on which to base an estimate of the revenue that the State may realize from implementation of this bill. As noted above, however, the bill is based upon one of several Executive proposals to enhance enforcement and collection of State taxes. The Executive budget message projected cumulative potential new revenue from these measures at \$25 million in FY2005.