

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1561

Bill Subtitle: TO AMEND THE ARKANSAS TAX PROCEDURE ACT TO ALLOW FOR THE RELEASE OF TAX INFORMATION TO BANKRUPTCY TRUSTEES AND EMPLOYEES OF BANKRUPTCY TRUSTEES.

Basic Change :

Current law provides that the Department of Finance and Administration (DFA) may disclose certain state tax information to the office of a standing Chapter 13 bankruptcy trustee upon the request of the trustee. If a bankruptcy trustee other than a Chapter 13 requested tax information, the bankruptcy court would be required to enter an order directed DFA to release the information. HB1561 amends § 26-18-306 to provide that DFA may disclose tax information to any bankruptcy trustee or an employee of the trustee.

Revenue Impact :

None.

Taxpayer Impact :

None.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

Currently, the Department of Finance and Administration is unable to disclose tax records to bankruptcy trustees with the exception of Standing Chapter 13 Trustees. Upon request of a Standing Chapter 13 Trustee, the Department can disclose whether a taxpayer has filed tax returns. Bankruptcy trustees often request the tax information of Arkansas residents (or former Arkansas residents) who are in an active bankruptcy case. Further, trustees often have to file tax returns on behalf of debtors and have the ability to enforce state tax return filing requirements that work to the benefit of the state to ensure compliance with state tax law. For these reasons, HB1561 enables DFA to disclose tax information maintained by the agency to all United States Bankruptcy Trustees.