

**DEPARTMENT OF TAXATION
2022 Fiscal Impact Statement**

1. **Patron** Timothy V. Anderson

2. **Bill Number** HB 1361

3. **Committee** House Rules

House of Origin:
 X **Introduced**
 Substitute
 Engrossed

4. **Title** Form 1099-G; Provision of Credit Monitoring Services

Second House:
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would require the Department of Taxation (“the Department”) to offer free credit monitoring services for a period of 12 months to any taxpayer whose personal identifying information was erroneously provided to a person other than the taxpayer on an Internal Revenue Service (“IRS”) Form 1099-G.

This bill contains an emergency clause which states that it would be in force from its passage. The provisions of this bill would expire on July 1, 2023.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact** (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

The Department considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

This bill would have no General Fund revenue impact.

9. **Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** Yes.

The following technical amendment is suggested to specify that the Department of Taxation would provide free credit monitoring services to any person whose personal identifying information was erroneously provided to another person on a Form 1099-G issued by the Department of Taxation:

Page 1, Line 12, after to any
Insert: Virginia

11. Other comments:

Form 1099-G

Federal law requires federal, state, or local government agencies to submit Form 1099-G to the IRS for certain payments because such payments may be considered gross income to the recipient. Such instances include:

- State or local income tax refunds, credits, or offsets;
- Unemployment compensation;
- Reemployment Trade Adjustment Assistance payments;
- Taxable grants;
- Agricultural payments; and
- Payments on Commodity Credit Corporation loans.

Such agencies are also required to provide a copy of the form to the recipient of such payments. The Department mails Form 1099-G to taxpayers, but also offers an option for taxpayers to electronically access the forms from the Department's website.

During January 2022, the Form 1099-G regarding state income tax refunds for approximately 15,000 taxpayers was erroneously sent by the Department to incorrect addresses in the Virginia Beach area. This was the result of an error by a print vendor. Corrected 1099s were mailed to affected taxpayers January 31. The Department is also contacting affected taxpayers and reporting that new Form 1099s were mailed, and although it does not appear that sufficient taxpayer information was disclosed to result in a security concern for impacted taxpayers, the Department's mailing notes that credit monitoring through Treasury's credit monitoring program will be provided under a separate mailing.

Proposed Legislation

This bill would require the Department to offer free credit monitoring services for a period of 12 months to any taxpayer whose personal identifying information was erroneously provided to a person other than the taxpayer on an IRS Form 1099-G.

This bill contains an emergency clause which states that it would be in force from its passage. The provisions of this bill would expire on July 1, 2023.

cc : Secretary of Finance

Date: 2/6/2022 MTH
HB1361F161