

DEPARTMENT OF REVENUE

CLEARINGHOUSE RULE NUMBER 09-118

SECTION 227.19(2) AND (3), STATS., REPORT

Basis and Purpose of the Proposed Rule

The rule is necessary to specify procedures to enter into agreements with financial institutions doing business in Wisconsin to operate the financial record matching program.

Public Hearing

A public hearing was held on February 11, 2010. No testimony was offered at the hearing.

Legislative Council Staff Recommendations

All Legislative Council staff recommendations have been incorporated in the proposed rule order, with the following exceptions:

- A general question was raised as to the Department's authority to receive, under the State matching option, data on all of a financial institution's financial accounts before a connection to a delinquent debtor has been established. Section 71.73(20), Wis. Stats., provides the authority for the department to investigate all delinquent taxes in the state and to perform other duties and adopt other procedures that are necessary to carry out its requirement to collect delinquent taxes. Section 71.91(8), Wis. Stats., provides the authority for the department to perform the financial record matching program and to enter into matching program agreements and to promulgate rules specifying procedures under the agreements with financial institutions. The State matching option was made available in the rule upon the request of small financial institutions, who found the financial institution matching option to be cost prohibitive.
- A recommendation was made to clarify, both in the rule and fiscal estimate, the quarterly payment per financial institution in an amount not to exceed \$125. The assumption used in preparing the rule and fiscal estimate was that since the financial record matching program piggybacks off the Financial Institution Data Match (FIDM) program for child support enforcement, and should not require significant changes for the majority of financial institutions; the actual costs may be an amount less than \$125. Under this assumption, the Department is unable to provide further clarification.
- A recommendation was made to clarify the prescription of electronic means for submission of financial records and the intent regarding the phrase "to the extent possible" in connection with submission of records by electronic means. The rule does not specify the electronic data exchange methods that must be used, as the program can handle many different means of data exchange. The Department or the Department's agent will work with each financial institution to find a method that meets the needs of both. Financial institutions currently participate successfully in the data exchange for the FIDM program using various methods to transmit files. Furthermore, while the Department would like to require electronic data transmissions, our financial institution partners have given feedback related to difficulty for some smaller financial institutions in using electronic methods.

Regulatory Flexibility Analysis

The proposed rule order does not have a significant economic impact on a substantial number of small businesses.

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