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ANALYSIS OF PROPOSED UI LAW CHANGE
FINANCIAL RECORD MATCHING PROGRAM

1. Description of Proposed Change

The department proposes to identify delinquent debtor accounts through a financial record match process on a quarterly basis. This proposed statute will authorize the department to match Unemployment Insurance tax and non-tax delinquent debtor files against accounts held at financial institutions doing business in Wisconsin for debt collection purposes.

2. Proposed Statutory Language

Amend Wis. Stat. 71.91 (8) as follows:

(8) FINANCIAL RECORD MATCHING PROGRAM.

(a) Definitions. In this subsection:

1. "Account" means a demand deposit account, checking account, negotiable withdrawal order account, savings account, time deposit account, or money market mutual fund account.

2. "Department" means the department of revenue, department of workforce development.

3. "Financial institution" has the meaning given in s. 49.853 (1) (c)

5. "Person" includes any individual, firm, partnership, limited liability company, joint venture, joint stock company, association, public or private corporation, estate, trust, receiver, personal representative, and other fiduciary, and the owner of a single-owner entity that is disregarded as a separate entity under this chapter.

(b) Matching program agreements. The department shall promulgate rules specifying procedures under which the department shall enter into agreements with financial institutions doing business in this state to operate the financial record matching program under this subsection. The information shall be provided by electronic data exchange in the manner specified by the department by rule or by agreement between the department and the financial institution. If the financial institution requests reimbursement, the department shall reimburse a financial

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institution for costs associated with participating in the financial record matching program under this subsection in an amount not to exceed 125 for each calendar quarter that the institution participates in the program.

(e) Confidentiality. A financial institution participating in the financial institution matching program under this subsection and the employees, agents, officers, and directors of the financial institution, may use any information provided by the department only for the purpose of administering this subsection and shall be subject to the confidentiality provisions of ss. 71.78 (1) and 77.61 (5) (a) Any person violating this paragraph may be fined not less than 25 nor more than 500, or imprisoned in the county jail for not less than 10 days nor more than one year or both.

(f) Financial institution liability. A financial institution is not liable to any person for disclosing information to the department under this subsection or for any other action that the financial institution takes in good faith to comply with this subsection.

(g) Penalty. A financial institution that fails to provide any information required within 120 days from either the date that the information is due or from the date that the department requests the information may be subject to a 100 penalty for each occurrence of the financial institutions failure to provide account information about an account holder. The department may commence civil proceedings to enforce this subsection if a financial institution fails to provide any information required after 120 days from either the date that the information is due or from the date that the department requests the information. Cross-reference: See also s. Tax 1.16, Wis. ADM. code.

3. Proposer's Reason for the Change

This information will provide us the ability to effectively and accurately identify financial institutions that can be used as potential levy targets for delinquent UI accounts.

4. Brief History and Background of Current Provision

The identification of financial institutions and assets for levy purposes has historically been done by collectors using manual investigation and search techniques. In the recent years, other state agencies such as Department of Children and Families (DCF) and Department of Revenue (DOR) have successfully implemented the Financial Record Matching program that helps identify the debtor's assets and bank accounts.

Current statute Wisconsin §108.225 allow levies of bank accounts for both employer tax delinquencies and benefit overpayments, exempting the first \$1,000 of an account in a depository institution for a benefit overpayment.

Effects of Proposed Change

- a. Administrative Impact. We will increase the accuracy and efficiency of searches for potential levy targets. In turn, we will increase the overall collections efficiency and effectiveness.
- b. Fiscal. No cost to the reserve fund. Collections may increase \$8 million per year.

5. State and Federal Issues

- a. Chapter 108. The proposed change affects Wis. Stat. 71.91 (8) that deals with Department of Revenue financial record matching program.

If the financial institution requests reimbursement, the department shall reimburse a financial institution for costs associated with participating in the financial record matching program under this subsection in an amount not to exceed 125 for each calendar quarter that the institution participates in the program.

- b. Rules. No administrative rules will need to be promulgated or changed as a result of this proposal.
- c. Conformity. None.

6. Proposed Effective/Applicability Date.

The law change should be effective as of the effective date of the legislation.