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April 2, 2024

**VIA EMAIL**

House Finance Ways, and Means Committee  
Tennessee General Assembly

**Re: COST's Opposition to Amendment in H.B 1893 Relating to Corporate Income Tax Disclosure**

Dear Chair Hazlewood, Vice-Chair Baum, and Members of the Committee:

On behalf of the Council On State Taxation (COST), I am writing to oppose the amendment to H.B. 1893 that would require the Department of Revenue to publish the name of each taxpayer issued a refund as a result of the bill and the amount of the refund. This amendment would violate taxpayers' privacy rights and longstanding practices of fair tax administration by requiring disclosure of confidential taxpayer information on the Tennessee Department of Revenue's website.

**About COST**

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business. COST's objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities. Many COST members conduct operations in Tennessee and would be negatively impacted by this unwarranted disclosure legislation.

**COST Supports Confidentiality of Taxpayer Information**

The COST Board of Directors has adopted a formal policy statement in opposition to disclosure and publication of confidential taxpayer information,<sup>1</sup> which states:

<sup>1</sup> See COST Policy Statement: <https://cost.org/globalassets/cost/state-tax-resources-pdfpages/costpolicy-positions/confidentialityoftaxpayerinformation.pdf>.

*Taxpayers have a justifiable expectation of privacy. State departments of revenue audit business taxpayers on a regular basis to ensure that all relevant tax laws are appropriately enforced; releasing specific business tax returns or information from those returns to the public would serve no policy purpose.*

### **Disclosure of Confidential Taxpayer Information Serves No Public Policy Purpose**

COST has consistently warned against violating taxpayer confidentiality under the guise of transparency. The amendment would neither inform the public policy debate nor raise additional revenue. Instead, it would simply facilitate the harassment of individual corporations. If the Legislature is concerned that certain classes of taxpayers received an unexpectedly large percentage of the authorized refunds, it can and should ask the Department of Revenue for aggregate information that does not identify a specific taxpayer. Showing that a particular corporation received a franchise tax refund because the Legislature eliminated one of the measures of the franchise tax does not benefit the policy debate.

No other state requires detailed public disclosure of confidential taxpayer information. While the amendment to this bill is limited to franchise tax refunds due to the elimination of one of the measures of the franchise tax, setting the precedent for public disclosure of any confidential taxpayer information should be avoided. Any public disclosure of confidential taxpayer information will serve to discourage corporations from making investments in the State.

### **Conclusion**

For these reasons, COST respectfully urges this Committee to reject the disclosure amendment to H.B. 1893.

Respectfully,



Patrick J. Reynolds

cc: COST Board of Directors