A concerning bill is pending in the California Senate. SB-972 would require the California State Controller’s Office (the Controller) to make taxpayer information publicly available. The bill would require that the Controller post on its website a list of all taxpayers subject to the California corporation tax with gross receipts of $5 billion or more and information about each taxpayer, including the tax liability of taxpayer and the amount of tax credits claimed by the taxpayer in the previous calendar year. We are hearing that the California Senate is likely to pass the bill. If the bill does pass in the Senate, it will head to the Assembly.

This bill is surprising (and alarming) because the usual policy of states and tax departments is to protect the confidentiality of taxpayer information. In fact, most states have statutory provisions ensuring that taxpayer information obtained through tax filings and audits is kept confidential, and disclosure is criminal in most states. If SB-972 is adopted, California will be one of the only states (if not the only state) to proactively make taxpayer information public. There does not appear to be a public benefit to releasing this historically confidential information, making the bill’s infringement on taxpayers’ privacy expectations concerning.
We understand that California may be looking to increase tax on corporations (possibly by repealing certain tax credits) as a means to raise revenue, and it seems likely that this bill is related to that goal, or at least embarrassing taxpayers who do not pay significant funds to the state. However, the bill simply goes too far; releasing information that is universally treated as confidential eviscerates taxpayer privacy and should not be permitted. The legislation is simply an effort to weaponize taxpayer information and shame taxpayers based on what they owe or do not owe to the state.

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