

Background

Identity theft is a great concern for taxpayers and the Department of Revenue. The department has tools in place to help identify potentially fraudulent tax returns. We have identified another tool that would be helpful to combat fraud.

Problem

The Oregon Consumer Information Protection Act requires entities to notify customers if there is a breach of security resulting in the customer's personal information becoming compromised. However, the law does not require the entity to notify the Department of Revenue in the event of a breach of security.

If the breach of security occurs through a licensed tax professional, this could result in tax refund fraud.

Proposed Solution

HB 2128A creates a new statute that corrects this problem. The bill requires a tax professional (tax preparers, attorneys, certified public accountant, etc.) to notify the Department of Revenue within five days of discovering a breach of security and provide names, addresses, and tax identification numbers of impacted taxpayers. The department will flag those taxpayers' accounts for possible fraudulent activity. The department will work with external partners to allow for alternative timeframe for reporting data, under certain circumstances, when pertinent data might not be immediately available.

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