

# STATE OF NEW YORK

1733--A

2021-2022 Regular Sessions

## IN SENATE

January 14, 2021

Introduced by Sen. TEDISCO -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the legislative law, the public officers law and the tax law, in relation to eligibility to assume office for persons owing past-due tax liabilities

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The legislative law is amended by adding a new section 3-a  
2 to read as follows:

3 § 3-a. Past-due tax liabilities of members-elect. 1. The legislature  
4 shall require a tax clearance from the department of taxation and  
5 finance, as provided for in section one hundred seventy-one-x of the tax  
6 law, for each member-elect of the legislature. No person elected to the  
7 legislature having past-due tax liabilities, as defined in subdivision  
8 one of section one hundred seventy-one-x of the tax law, or otherwise  
9 denied a tax clearance by the department of taxation and finance pursu-  
10 ant to such section, shall be sworn into or assume office unless and  
11 until such past-due tax liabilities are satisfied, settled, or made  
12 subject to a payment plan established by the department of taxation and  
13 finance and in which such person is in good standing.

14 2. If, after six months subsequent to the date on which such member-e-  
15 lect would have been sworn into office but for their owing past-due tax  
16 liabilities, such past-due tax liabilities have not been satisfied,  
17 settled, or made subject to a payment plan established by the department  
18 of taxation and finance and in which such person is in good standing,  
19 then a special election shall be held to fill such office.

20 § 2. Section 3 of the public officers law is amended by adding a new  
21 subdivision 1-b to read as follows:

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 1-b. (i) Any person elected to the office of a statewide elected offi-  
2 cial, which for the purposes of this section shall mean the governor,  
3 lieutenant governor, comptroller or attorney general, shall, upon  
4 certification of such person's election, request a tax clearance from  
5 the department of taxation and finance, as provided for in section one  
6 hundred seventy-one-x of the tax law. No such person having past-due tax  
7 liabilities, as defined in subdivision one of section one hundred seven-  
8 ty-one-x of the tax law, or otherwise denied a tax clearance by the  
9 department of taxation and finance pursuant to such section, shall be  
10 sworn into or assume office unless and until such past-due tax liabil-  
11 ities are satisfied, settled, or made subject to a payment plan estab-  
12 lished by the department of taxation and finance and in which such  
13 person is in good standing.

14 (ii) If, after six months subsequent to the date on which a person  
15 elected to statewide office would have been sworn into office but for  
16 their owing past-due tax liabilities, such past-due tax liabilities have  
17 not been satisfied, settled, or made subject to a payment plan estab-  
18 lished by the department of taxation and finance and in which such  
19 person is in good standing, then a special election shall be held to  
20 fill such office.

21 § 3. The tax law is amended by adding a new section 171-x to read as  
22 follows:

23 § 171-x. Enforcement of delinquent tax liabilities through tax clear-  
24 ances. (1) For the purposes of this section, the term "tax liabilities"  
25 shall mean any tax, surcharge, or fee administered by the commissioner,  
26 or any penalty or interest owed by an individual or entity. The term  
27 "past-due tax liabilities" means any unpaid tax liabilities that have  
28 become fixed and final such that the taxpayer no longer has any right to  
29 administrative or judicial review. The term "government entity" means  
30 the state of New York, or any of its agencies, political subdivisions,  
31 instrumentalities, public corporations (including a public corporation  
32 created pursuant to agreement or compact with another state or Canada),  
33 or combination thereof.

34 (2) The commissioner, or his or her designee, shall cooperate with any  
35 government entity that is required by law or has elected to require tax  
36 clearances to establish procedures by which the department shall receive  
37 a tax clearance request and transmit such tax clearance to the govern-  
38 ment entity, and any other procedures deemed necessary to carry out the  
39 provisions of this section. These procedures shall, to the extent prac-  
40 ticable, require secure electronic communication between the department  
41 and the requesting government entity for the transmission of tax clear-  
42 ance requests to the department and transmission of tax clearances to  
43 the requesting entity. Notwithstanding any other law to the contrary, a  
44 government entity shall be authorized to share any data or information  
45 with the department that is necessary to ensure the proper matching of a  
46 person who is the subject of a tax clearance request to the tax records  
47 maintained by the department.

48 (3) Upon receipt of a tax clearance request, the department shall  
49 examine its records to determine whether the subject of the tax clear-  
50 ance request has past-due tax liabilities equal to or in excess of the  
51 dollar threshold applicable for such tax clearance request. When a tax  
52 clearance request so requires, the department shall also determine  
53 whether (i) the subject of such request has complied with applicable tax  
54 return filing requirements for each of the past three years; and/or (ii)  
55 whether a subject of such request that is an individual or entity that  
56 is a person required to register pursuant to section one thousand one

1 hundred thirty-four of this chapter is registered pursuant to such  
2 section. The department shall deny a tax clearance if it determines that  
3 the subject of a tax clearance request has past-due tax liabilities  
4 equal to or in excess of the applicable threshold or, when the tax  
5 clearance request so requires, has not complied with applicable return  
6 filing and/or registration requirements.

7 (4) If a tax clearance is denied, the government entity that requested  
8 the clearance shall provide notice to the subject of the request to  
9 contact the department. Such notice shall be made by first class mail  
10 with a certificate of mailing and a copy of such notice also shall be  
11 provided to the department. When the subject of the request contacts the  
12 department, the department shall inform him or her of the basis for the  
13 denial of the tax clearance and shall also inform such person (i) that a  
14 tax clearance denied due to past-due tax liabilities may be issued once  
15 the taxpayer fully satisfies past-due tax liabilities or makes payment  
16 arrangements satisfactory to the commissioner; (ii) that a tax clearance  
17 denied due to failure to file tax returns may be issued once the indi-  
18 vidual has satisfied the applicable return filing requirements; (iii)  
19 that a tax clearance denied for failure to register pursuant to section  
20 one thousand one hundred thirty-four of this chapter may be issued once  
21 the individual has registered pursuant to such section; and (iv) the  
22 grounds for challenging the denial of a tax clearance listed in subdivi-  
23 sion five of this section.

24 (5) (a) Notwithstanding any other provision of law, and except as  
25 specifically provided herein, an individual denied a tax clearance shall  
26 have no right to commence a court action or proceeding or seek any other  
27 legal recourse against the department or the government entity related  
28 to the denial of a tax clearance by the department.

29 (b) An individual seeking to challenge the denial of a tax clearance  
30 must protest to the department or the division of tax appeals no later  
31 than sixty days from the date of the notification to the individual that  
32 the tax clearance was denied. An individual may challenge a department  
33 finding of past-due tax liabilities only on the grounds that (i) the  
34 individual or entity denied the tax clearance is not the individual or  
35 entity with the past-due tax liabilities at issue or (ii) the past-due  
36 tax liabilities were satisfied. An individual may challenge a depart-  
37 ment finding of failure to comply with tax return filing requirements  
38 only on the grounds that all required tax returns have been filed for  
39 each of the past three years.

40 (c) Nothing in this subdivision is intended to limit any individual  
41 from seeking relief from joint and several liability pursuant to section  
42 six hundred fifty-four of this chapter, to the extent that he or she is  
43 eligible pursuant to that section, or establishing to the department  
44 that the enforcement of the underlying tax liabilities has been stayed  
45 by the filing of a petition pursuant to the Bankruptcy Code of 1978  
46 (Title Eleven of the United States Code).

47 (6) Notwithstanding any other provision of law, the department may  
48 exchange with a government entity any data or information that, in the  
49 discretion of the commissioner, is necessary for the implementation of a  
50 tax clearance requirement. However, no government entity may re-disclose  
51 this information to any other entity or person, other than for the  
52 purpose of informing the individual that a required tax clearance has  
53 been denied, unless otherwise permitted by law.

54 (7) Except as otherwise provided in this section, the activities to  
55 collect past-due tax liabilities undertaken by the department pursuant  
56 to this section shall not in any way limit, restrict or impair the

1 department from exercising any other authority to collect or enforce tax  
2 liabilities under any other applicable provision of law.

3 (8) Except as otherwise provided in this section, the provisions of  
4 this section are not applicable to the tax clearance required by section  
5 one hundred seventy-one-v of this article.

6 § 4. This act shall take effect June 1, 2023; provided, however, that  
7 the department of taxation and finance, and any other government entity  
8 electing to receive a tax clearance from the department of taxation and  
9 finance may work to execute the necessary procedures and technical  
10 changes to support the tax clearance process as described in this act  
11 before that date; provided, further, that this effective date will not  
12 impact the administration of any tax clearance program authorized by  
13 another provision of law.