

# STATE OF NEW YORK

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1147

2023-2024 Regular Sessions

## IN SENATE

January 10, 2023

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Introduced by Sens. KRUEGER, BAILEY, LIU, MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend the tax law, in relation to the enforcement of delinquent tax liabilities by means of the suspension of licenses to operate a motor vehicle

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

1 Section 1. Subdivisions 1, 3 and 5 of section 171-v of the tax law,  
2 subdivision 1 as added by section 1 of part P of chapter 59 of the laws  
3 of 2013, and subdivisions 3 and 5 as amended by section 1 of part EEE of  
4 chapter 59 of the laws of 2019, are amended to read as follows:

5 (1) The commissioner shall enter into a written agreement with the  
6 commissioner of motor vehicles, which shall set forth the procedures for  
7 the two departments to cooperate in a program to improve tax collection  
8 through the suspension of drivers' licenses of taxpayers with past-due  
9 tax liabilities equal to or in excess of ten thousand dollars multiplied  
10 by the applicable inflation adjustment. For the purposes of this  
11 section, the term "tax liabilities" shall mean any tax, surcharge, or  
12 fee administered by the commissioner, or any penalty or interest due on  
13 these amounts owed by an individual with a New York driver's license,  
14 the term "driver's license" means any license issued by the department  
15 of motor vehicles, except for a commercial driver's license as defined  
16 in section five hundred one-a of the vehicle and traffic law, and the  
17 term "past-due tax liabilities" means any tax liability or liabilities  
18 which have become fixed and final such that the taxpayer no longer has  
19 any right to administrative or judicial review, and the "applicable  
20 inflation adjustment" for a calendar year shall be determined under the  
21 principles of section 7345(f) of the Internal Revenue Code of 1986,  
22 using the calendar year of the effective date of the chapter of the laws  
23 of two thousand twenty-three which amended this subdivision as the base

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

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1 period. The ten thousand dollar limitation in this subdivision shall not  
2 apply to a taxpayer that the commissioner determines has taken affirma-  
3 tive steps to evade or avoid the collection of tax, such as by hiding  
4 assets.

5 (3) The department shall provide notice to the taxpayer of his or her  
6 inclusion in the license suspension program no later than sixty days  
7 prior to the date the department intends to inform the commissioner of  
8 motor vehicles of the taxpayer's inclusion. However, no such notice  
9 shall be issued to a taxpayer: (i) whose wages are being garnished by  
10 the department for the payment of past-due tax liabilities or past-due  
11 child support or combined child and spousal support arrears; (ii) who  
12 receives public assistance or supplemental security income; or (iii)  
13 whose income does not exceed two hundred fifty percent of the poverty  
14 level as reported by the federal Department of Health and Human Services  
15 or any successor agency. Notice shall be provided by first class mail  
16 to the taxpayer's last known address as such address appears in the  
17 electronic systems or records of the department. Such notice shall  
18 include:

19 (a) a clear statement of the past-due tax liabilities along with a  
20 statement that the department shall provide to the department of motor  
21 vehicles the taxpayer's name, social security number and any other iden-  
22 tifying information necessary for the purpose of suspending his or her  
23 driver's license pursuant to this section and subdivision four-f of  
24 section five hundred ten of the vehicle and traffic law sixty days after  
25 the mailing or sending of such notice to the taxpayer;

26 (b) a statement that the taxpayer may avoid suspension of his or her  
27 license by fully satisfying the past-due tax liabilities, by making  
28 payment arrangements satisfactory to the commissioner, or by demonstrat-  
29 ing any of the grounds for challenge set forth in subdivision five of  
30 this section, or by presenting facts to the commissioner resulting in  
31 the commissioner waiving suspension of his or her license based on the  
32 equities of the case. Such statement shall include information regarding  
33 programs through which the taxpayer can pay the past-due tax liabilities  
34 to the department, enter into a payment arrangement or request addi-  
35 tional information needed to challenge the suspension under subdivision  
36 five of this section or demonstrate the equities of the case;

37 (c) a statement that the taxpayer's right to protest the notice is  
38 limited to raising issues set forth in subdivision five of this section;

39 (d) a statement that the suspension of the taxpayer's driver's license  
40 shall continue until the past-due tax liabilities are fully paid or the  
41 taxpayer makes payment arrangements satisfactory to the commissioner;  
42 and

43 (e) any other information that the commissioner deems necessary.

44 (5) Notwithstanding any other provision of law, and except as specif-  
45 ically provided herein, the taxpayer shall have no right to commence a  
46 court action or proceeding or to any other legal recourse against the  
47 department or the department of motor vehicles regarding a notice issued  
48 by the department pursuant to this section and the referral by the  
49 department of any taxpayer with past-due tax liabilities to the depart-  
50 ment of motor vehicles pursuant to this section for the purpose of  
51 suspending the taxpayer's driver's license. A taxpayer may only chal-  
52 lenge such suspension or referral on the grounds that (i) the individual  
53 to whom the notice was provided is not the taxpayer at issue; (ii) the  
54 past-due tax liabilities were satisfied; (iii) the taxpayer's wages are  
55 being garnished by the department for the payment of the past-due tax  
56 liabilities at issue or for past-due child support or combined child and

1 spousal support arrears; (iv) the taxpayer's wages are being garnished  
2 for the payment of past-due child support or combined child and spousal  
3 support arrears pursuant to an income execution issued pursuant to  
4 section five thousand two hundred forty-one of the civil practice law  
5 and rules; (v) the taxpayer's driver's license is a commercial driver's  
6 license as defined in section five hundred one-a of the vehicle and  
7 traffic law; (vi) the department incorrectly found that the taxpayer has  
8 failed to comply with the terms of a payment arrangement made with the  
9 commissioner more than once within a twelve month period for the  
10 purposes of subdivision three of this section; (vii) the taxpayer  
11 receives public assistance or supplemental security income; [ex] (viii)  
12 ~~[the taxpayer demonstrates that suspension of the taxpayer's driver's~~  
13 ~~license will cause the taxpayer undue economic hardship]~~ the taxpayer's  
14 income does not exceed two hundred fifty percent of the poverty level as  
15 reported by the federal Department of Health and Human Services or any  
16 successor agency; or (ix) payment of the past-due tax liabilities will  
17 create a hardship for the taxpayer in meeting necessary living expenses.

18 However, nothing in this subdivision is intended to limit a taxpayer  
19 from seeking relief pursuant to an offer in compromise pursuant to  
20 subdivision fifteenth of section one hundred seventy-one of this article  
21 or from joint and several liability pursuant to section six hundred  
22 fifty-four of this chapter, to the extent that he or she is eligible  
23 pursuant to such section, or establishing to the department that the  
24 enforcement of the underlying tax liabilities has been stayed by the  
25 filing of a petition pursuant to the Bankruptcy Code of 1978 (Title  
26 Eleven of the United States Code).

27 § 2. The commissioner of taxation and finance is authorized and  
28 directed to promulgate any rules and regulations necessary to implement  
29 the provisions of this act in accordance with the provisions of the  
30 state administrative procedure act.

31 § 3. This act shall take effect on the first of April next succeeding  
32 the date on which it shall have become a law.