

EXPANSION OF TYPES OF SECURITY ACCEPTED FOR
PROTECTION OF SALES TAX REVENUES
CHAPTER 275, LAWS OF 1986

Effective July 29, 1986, Chapter 275 amended section 1137 of the Tax Law to permit the Tax Commission to accept either a surety bond or "other security" to protect revenues due the Tax Department.

When the Tax Commission deems it necessary for a person to file security, it must notify the person of such necessity and of the specific amount of security required. Beginning July 29, 1986, the person has 30 days from the date notice is given to file such security, unless within five days from the date notice is given, the person requests in writing, a hearing before the Tax Commission. At this hearing, the necessity, propriety and amount of the security will be determined. The hearing determination shall be final and must be complied with within 30 days of notice of the determination.

Any security deposited under the provisions of this enactment will be held in custody and may be sold by the Tax Commission if such action becomes necessary for the recovery of sums due from the vendor. However, no sale may take place before the vendor has the opportunity to litigate the validity of any tax, if he chooses to do so. In the event of a sale, any surplus realized above the tax, penalty and interest determined to be due from the person who filed the security must be returned to such person.

Section 1817 of the Tax Law was also amended to provide that a person who willfully fails to file a bond or "other security," as required pursuant to section 1137(e) of the Tax Law, is guilty of a misdemeanor.