

Substituted by the House, on motion of Mr. Frank of Boston, for a bill with the same title (House, No. 6048). June 30.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Eight.

AN ACT ESTABLISHING A WAGE REPORTING SYSTEM AND PROVIDING FOR UTILIZATION OF DATA COLLECTED TO PREVENT FRAUD IN UNEMPLOYMENT COMPENSATION, PUBLIC ASSISTANCE AND TAX REPORTS.

1 *Whereas*, The deferred operation of this act would tend to defeat
2 its purpose, which is to establish forthwith a wage reporting system
3 to detect and prevent fraud and errors in the disbursement of
4 public funds to recipients of public assistance, unemployment
5 insurance benefits and veterans' benefits, and the underreporting
6 of income, therefore it is hereby declared to be an emergency law,
7 necessary for the immediate preservation of the public con-
8 venience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The department of corporations and taxation
2 shall design, develop, implement, and operate a wage reporting
3 system for the purpose of receiving, maintaining, and processing
4 information required to be submitted by employers pursuant to
5 section 2 of this act, for the purposes of verifying eligibility for and
6 entitlement to public assistance benefits, eligibility for and
7 entitlement to unemployment insurance benefits, eligibility for and
8 entitlement to veterans services benefits, underreporting of taxable
9 income, and errors and any fraud or abuse in connection with such
10 benefits paid or income as reported.

1 SECTION 2. Every employer required to deduct and withhold
2 taxes upon wages, under the provisions of chapter 62B of the Gen-
3 eral Laws, shall, for each calendar quarter beginning April first,
4 nineteen hundred and seventy-nine submit to the department of
5 corporations and taxation a report of the name, social security
6 account number, and gross wages paid to each employee and any
7 identification number such employer is required to include on a
8 withholding tax return filed pursuant to said chapter and in such
9 form and such manner as may be prescribed by regulations of said
10 department and consistent with federal requirements or
11 limitations.

1 SECTION 3. Upon the written request of, and at a date
2 specified by, the commissioner of corporations and taxation, the
3 division of employment security shall provide to the department of
4 corporations and taxation lists of all claimants paid unemploy-
5 ment insurance benefits for the purpose of verifying eligibility and
6 detecting and preventing fraud, error and abuse in the unemploy-
7 ment insurance benefits program and other benefits programs
8 administered by said division. Information on such lists shall
9 include the employer's name, the employer's identification
10 number, the claimant's name, the claimant's social security
11 number and other data required for positive identification.

1 SECTION 4. Upon the written request, of and at a date
2 specified by the commissioner of corporations and taxation, the
3 department of public welfare shall provide to the department of
4 corporations and taxation lists of applicants and recipients of
5 public assistance for the purpose of verifying eligibility and
6 detecting and preventing fraud, error and abuse in the programs
7 administered by said department. Information in such lists shall
8 include the recipient's name, social security number and other data
9 required to assure positive identification.

1 SECTION 5. Upon the written request of, and at a date
2 specified by the commissioner of corporations and taxation, the
3 office of commissioner of veterans' services shall provide to the
4 department of corporations and taxation lists of applicants and
5 recipients of veterans' benefits for the purpose of verifying

6 eligibility and detecting and preventing fraud, error and abuse in
7 the programs administered by said office. Information in such lists
8 shall include the recipient's name, social security number and other
9 data required to assure positive identification.

1 SECTION 6. The department of corporations and taxation
2 shall compare the data provided to it under sections two, three,
3 four and five of this act, so as to identify any cases in which
4 individuals who are receiving unemployment compensation,
5 public assistance, or veterans' benefits are also receiving wages.
6 The department of corporations and taxation shall thereupon
7 furnish to the division of employment security, the department of
8 public welfare, or the office of commissioner of veterans' services
9 the cases of any recipients in their respective programs who are
10 identified as receiving wages. The information furnished by the
11 department of corporations and taxation to the receiving agencies
12 shall include the name of the recipient and other data required to
13 assure positive identification, the name and identifying number of
14 the employer, and the amount of income received.

15 Upon the receipt of such information, the division of
16 employment security, the department of public welfare or the
17 office of commissioner of veterans' services shall, with respect to
18 recipients in their respective programs, seek to verify the accuracy
19 of the information presented, in consultation with the recipient
20 whose status is in question.

21 If after such informal inquiry any of the administering
22 department concludes that error or fraud has led to incorrect
23 payments to recipients, said department shall take appropriate
24 formal action to correct the situation, provided, however that no
25 adverse action shall be taken against any recipient except after a
26 hearing affording the recipient full opportunity to contest such
27 action, in accordance with law.

1 SECTION 7. Any employer who fails to comply with the
2 section two of this act, without reasonable cause, and who, after
3 notification by certified mail, return receipt requested, of such
4 failure to comply continues for more than fifteen days, after the
5 mailing of said notice, in noncompliance without reasonable cause
6 shall be liable for a penalty as follows: for the first failure to comply

7 with said section two: fifty dollars per employee; for the second
8 failure to so comply one hundred dollars per employee; for the
9 third and subsequent failures to so comply: two hundred and fifty
10 dollars per employee. Any employer who willfully and knowingly
11 submits false data or omits accurate data under section two shall be
12 punished by a fine of not more than one thousand dollars or not
13 more than three months in prison.

1 SECTION 8. An advisory committee on the implementation of
2 a wage reporting system is hereby created consisting of two
3 members of the senate, appointed by the president; four members
4 of the house, appointed by the speaker, one of whom shall be a
5 member of the special legislative commission on privacy; one
6 representative of each of the following; the attorney general; the
7 associated industries of massachusetts, the massachusetts AFL-
8 CIO, the retailers association of massachusetts, the massachusetts
9 law reform institute, and the massachusetts league of cities and
10 towns; and a recipient of aid to families with dependent children; a
11 recipient of general relief; and a recipient of veterans' benefits, each
12 of whom shall be appointed by the chairman of the state welfare
13 advisory board.

14 The governor shall appoint a chairperson from among the
15 membership of the committee members. The committee shall meet
16 from time to time and at a place convenient to its purpose. It may
17 recommend to the departments participating in the wage reporting
18 system and data exchange authorized by this act guidelines to
19 assure that accessibility to and exchange of said data shall be
20 restricted to officers and employees of the respective departments
21 participating in the program, that said data and any investigation
22 connected therewith shall remain confidential except for con-
23 firmed cases of fraud, that due process shall be observed with
24 respect to the rights of any individual who as an applicant for or
25 recipient of the public assistance of unemployment insurance
26 benefits or veterans' benefits suspected to have provided the
27 respective departments with false or fraudulent information in the
28 removal of identified cases of ineligibility, the recovery of funds
29 disbursed to ineligible recipients, and the referral of identified

30 cases of fraud to the proper authorities for legal action. It shall file
31 a report on the implementation and status of the wage reporting
32 system including any recommendations thereon with the clerks of
33 the house of representatives and the senate no later than July one,
34 nineteen hundred and eighty and every six months thereafter.

1 SECTION 9. Subsection (6) of section 21 of chapter 62C of the
2 General Laws is hereby amended by adding the following three
3 clauses: —

4 (9) The disclosure to the director of the division of employment
5 security of information contained in tax returns necessary to
6 ascertain or confirm the existence of fraud, abuse or improper
7 payments to an applicant for or recipient of unemployment
8 compensation benefits.

9 (10) The disclosure to the commissioner of public welfare of
10 information contained in tax returns necessary to ascertain or
11 confirm the possible existence of fraud, or abuse or improper
12 payments to an applicant for recipient of public assistance.

13 (11) The disclosure to the commissioner of veterans' services of
14 information necessary to ascertain or confirm the existence of
15 fraud, abuse or improper payments to an applicant for or recipient
16 of veterans' benefits.

1 SECTION 10. Section 17A of chapter 66 of the General Laws,
2 as most recently amended by section 27 of chapter 885 of 1969, is
3 hereby further amended by inserting, after the word "assistance",
4 in line 10, the words: including the use of said records by the
5 department of public welfare in concert with related wage reports
6 to ascertain or confirm any fraud, abuse or improper payments to
7 an applicant for or recipient of public assistance.

1 SECTION 11. Section 46 of chapter 151A of the General Laws,
2 as most recently amended by chapter 875 of the acts of 1973, is
3 hereby further amended by striking out the third sentence and
4 inserting in place thereof the following sentence: — Such
5 information shall also be made available to the commissioners of
6 public welfare, corporations and taxation and veterans' services
7 and probation officers working for a governmental agency in the
8 performance of their official duties.

1 SECTION 12. Section 43 of chapter 271, as most recently
2 amended by section 78 of chapter 658 of 1967, is hereby further
3 amended by adding the following sentence: — Nothing herein shall
4 prevent the disclosure, by the commissioner of corporations and
5 taxation to the commissioner of public welfare, in concert with a
6 wage reporting system, of such information as may be necessary to
7 ascertain or confirm the existence of any fraud, abuse or improper
8 payments to an applicant for or recipient of public assistance.

1 SECTION 13. The division of employment security, the
2 department of public welfare, and the commissioner of veterans'
3 services shall mail or present to all recipients in their programs as
4 of January first, nineteen hundred and seventy-nine, a notice in
5 substantially the following form, appropriately adapted to the
6 particular agency:

7 NOTICE: Effective April 1, 1979, the Commonwealth of
8 Massachusetts will check lists of recipients of (public assistance)
9 (unemployment compensation) (veterans' benefits) against lists of
10 all wages paid to residents of Massachusetts by means of
11 computer. The purpose of this check is to identify and take
12 appropriate action against those (receiving public assistance)
13 (unemployment compensation) (veterans' benefits) who are also
14 receiving more wage income than they are entitled to receive. If you
15 have any question about how this will apply in your case, please
16 speak with the official of the (department of public welfare)
17 (division of employment security) (office of veterans' assistance)
18 with whom you deal.

19 The above notice shall also be mailed or presented to every new
20 recipient of any assistance in the aforementioned programs after
21 January 1, 1979.

1 SECTION 14. The department of public welfare may proceed
2 with planning for a system of monthly income reporting, but may
3 not implement such a system without statutory authorization.

1 SECTION 15. No employee or agent of the commonwealth
2 shall divulge any of the information referred to in sections two,
3 three, four, five, six or seven of this act, except in the manner herein

4 prescribed, to any public or private agency or individual.
5 Unauthorized disclosure of any of this information shall be a
6 violation punishable by a fine of one hundred dollars per offense,
7 provided further that unauthorized release of such information
8 about any individual shall be a separate offense from information
9 released about any other individual. Such unauthorized release of
10 information shall also be cause for administrative discipline of any
11 employee who engages in such unauthorized release.

1 SECTION 16. This act shall take effect upon its passage and
2 shall remain in effect for the calendar years nineteen hundred
3 seventy-nine through nineteen hundred eighty-one inclusive,
4 provided, that the administrative implementation of this act shall
5 continue in full force and effect until the information for the final
6 quarter of nineteen hundred and eighty-one has been processed in
7 accordance with this act but not later than March thirty-first,
8 nineteen hundred eighty-two. The first quarterly wage report for
9 the first quarter of calendar year nineteen hundred seventy-nine
10 shall be due by the date specified in regulations promulgated by the
11 department of corporations and taxation.

