AMERICAN CIVIL LIBERTIES UNION
Rhode Island

128 Dorrance Street, Suite 400
Providence, RI 02903
Phone: (401) 831-7171
Fax: (401) 831-7175
www.riaclu.org
info@riaclu.org

ACLU OF RI POSITION: OPPOSE

HOUSE TESTIMONY ON 25-H 5076, ARTICLE 5, SECTION 16,
FINANCIAL INSTITUTION DATA MATCH SYSTEM
February 26, 2025

This provision in the Governor's proposed budget would require the Division of Taxation to "develop and operate a financial institution data match system for the purpose of identifying and seizing the non-exempt assets of delinquent taxpayers," and further require every financial institution in the state to develop a data match system to assist in this goal. The ACLU of Rhode Island strongly opposes this budget provision for two independent reasons, one general and one specific.

Generally, we are deeply concerned about the establishment of yet another state data system containing extremely sensitive personal information. As we argued in testimony submitted earlier this month on another budget article expanding the Rhode Island Longitudinal Data System, the state should not be engaged in the expansion of data collection without first better protecting the security of the data it has, ensuring that any personally identifiable data being collected is necessary, and strengthening the legal rights of residents whose data is compromised.[1]

What is so striking and concerning about the budget bill in this regard is that, while focused relentlessly on expanding data collection and sharing among state agencies and others in at least three instances, no provisions seek to strengthen requirements to safeguard the confidentiality of the collected data, provide greater remedies to individuals when that confidentiality is breached, or strengthen standards to limit the collection and sharing of personally identifiable information on a "need to collect and share" basis.

This one-sided focus is concerning because, as committee members are well aware, the State has been at the epicenter of at least two incredibly damaging data breaches in the past few years. The first was the 2021 breach at the RI Public Transit Authority that compromised the Social Security numbers and private health care information of thousands of individuals, including people who had no connection to the agency. The second, more recent and even more enormous data breach – involving RIBridges – affected more than half of the state's population and has only added to the urgency of acting more forcefully to protect sensitive data in the state's hands. Yet this budget provision, and its two companions, instead call for even more centralization of personal data without attempting in any way to better secure it from malicious third parties or strengthen remedies to victims of state data breaches.

We also have a significant specific concern about this section. It generally bars both financial institutions and the Division "from disclosing to the delinquent taxpayer that the name of the delinquent

[1] Relatedly, there is a *third* budget article, not yet the subject of a hearing – Article 3, Section 12 –, that establishes a beefed-up internal audit and program integrity unit focused specifically on public assistance that calls for the implementation of "innovative technology and data sharing" designed to "detect, analyze and prevent fraud."

taxpayer has been received from or furnished to the tax administration." We believe that this lack of notice before seizing a person's property amounts to a serious violation of due process.

IRS policy requires issuing the taxpayer a written notice at least 30 days in advance before levying their funds. That notice must, among other things, also advise the individual of their appeal rights, the procedures applicable to the levy, and options to the taxpayer to prevent the levy from taking place. However, this proposed budget provision forsakes any of those basic principles of procedural fairness. It is true that IRS policy specifies that it need not provide notice if the collection of the tax would otherwise be put in jeopardy, but Article 5, Section 16 makes no attempt to create a narrow carve-out like that.

In light of these deficiencies, the ACLU urges the rejection of any budgetary provisions, including this one, that expand the state's data collection powers without first strengthening the state's data protection standards as suggested above. We also oppose in particular the establishment of a process for seizing the money of alleged delinquent taxpayers without providing them advance notice and appropriate due process.

Thank you for considering these concerns.