

VETO MESSAGE - No. 83

TO THE SENATE:

I am returning herewith, without my approval, the following bill:

Senate Bill Number 4730, entitled:

"AN ACT to amend the state finance law, in relation to the liability of a person who presents false claims for money or property to the state or a local government"

NOT APPROVED

This bill would expand the False Claims Act to allow civil actions based on the failure to file a state tax return. Currently, the False Claims Act applies to certain actions by taxpayers when such actions result in at least \$350,000 in lost revenue and the filer has a net income or sales of over \$1 million. This bill would expand the law to include any tax obligation where a taxpayer knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay money to the state or a local government, or conspires to do the same.

I have no tolerance for tax fraud. I am fully supportive of efforts to detect and penalize illegal or improper tax filing practices. The sponsors indicate their goal is to capture those individuals or businesses who improperly avoid tax obligations by not filing any tax returns at all. However, the language in the bill is broader than impacting only non-filers, and would implicate more tax filing controversies to the False Claims Act than just non-filers. This would be incongruent with the way other states and the federal government pursue False Claims Act violations, and could have the effect of incentivizing private parties to bring unjustified claims under the law.

There are administrative and criminal remedies in the law currently that address this conduct. I agree nonetheless that continued efforts need to be made to address non-filers, and I am fully supportive of the sponsors' efforts to address a potential oversight in the State's laws that may incentivize non-filing of taxes.

However, in this time of great uncertainty for businesses, I cannot support a bill that may have these unintended consequences. For these reasons, I am constrained to veto the bill.

The bill is disapproved.

(signed) KATHY HOCHUL