

By: Representatives Arnold, Hopkins

To: Banking and Financial Services

HOUSE BILL NO. 789

1 AN ACT TO CREATE THE "PROHIBITING FINANCIAL SURVEILLANCE  
 2 ACT"; TO PROHIBIT ALL FINANCIAL INSTITUTIONS IN THE STATE OF  
 3 MISSISSIPPI FROM BEING REQUIRED TO REPORT ANY ACCOUNT BALANCES,  
 4 TRANSACTIONS, TRANSFERS, OR SIMILAR INFORMATION WITH RESPECT TO  
 5 ANY ACCOUNT MAINTAINED BY SUCH INSTITUTION, EXCEPT TO THE EXTENT  
 6 THAT SUCH REPORTING IS REQUIRED UNDER ANY STATE OR FEDERAL LAW IN  
 7 EFFECT ON THE DATE OF THE ENACTMENT OF THIS ACT; TO DEFINE THE  
 8 TERM "FINANCIAL INSTITUTION" FOR PURPOSES OF THIS ACT; AND FOR  
 9 RELATED PURPOSES.

10 WHEREAS, the Biden administration's tax increase proposal for  
 11 fiscal year 2022 includes a number of provisions that would place  
 12 undue burdens on banks, small businesses, and law-abiding American  
 13 citizens; and

14 WHEREAS, this proposal seeks to increase tax enforcement  
 15 measures by requiring banks and other financial institutions to  
 16 annually report aggregated data on all account inflows and  
 17 outflows of Six Hundred Dollars (\$600.00) or more to the Internal  
 18 Revenue Service (IRS); and

19 WHEREAS, these reports to the IRS would disclose whether  
 20 transactions involved physical cash, foreign accounts, or  
 21 transfers between accounts with the same owner; and



22 WHEREAS, the proposal's low threshold for reporting would  
23 include most active bank accounts, including those owned by  
24 individuals and small businesses, and as a result, the financial  
25 data of the majority of bank accounts would be sent to the IRS;  
26 and

27 WHEREAS, by holding financial institutions responsible for  
28 data collection and reporting, the proposal would force banks to  
29 increase spending on additional staffing, technology, and other  
30 resources, and these costs could then be passed on to the  
31 depositors, thereby burdening tax-compliant citizens and  
32 businesses; and

33 WHEREAS, this proposal fails to consider cybersecurity risks,  
34 unjust burdens on lawful individuals, and the serious issues  
35 regarding privacy, compliance costs, and negative impacts on  
36 low-income communities, and because of these reasons, the  
37 Mississippi Legislature opposes this unprecedented intrusion into  
38 the privacy of Americans; NOW, THEREFORE,

39 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

40 **SECTION 1.** This act shall be known and may be cited as the  
41 "Prohibiting Financial Surveillance Act."

42 **SECTION 2.** All financial institutions in the State of  
43 Mississippi shall not be required to report any account balances,  
44 transactions, transfers, or similar information with respect to



45 any account maintained by such institution, except to the extent  
46 that such reporting is required under any state or federal law in  
47 effect on the date of the enactment of this act.

48 **SECTION 3.** For purposes of this act, "financial institution"  
49 means a bank, trust company, mutual savings bank, savings and loan  
50 association or credit union authorized to do business and accept  
51 deposits in the State of Mississippi under state or federal law.

52 **SECTION 4.** This act shall take effect and be in force from  
53 and after its passage.

