With tax season in full swing, millions of people are stressed out by the byzantine process of American tax filing. The last thing anyone wants is to breathe a sigh of relief after filing their tax return by April, only to get a letter from the IRS come summer.

But it actually isn't the IRS that should strike fear into your heart: it's state tax departments.

For decades, the media has portrayed the IRS as an evil, unfeeling entity that will send a hard-nosed agent to cross-examine you over that $500 in poker winnings you didn't report several years ago. However, these depictions are often hyperbolic and not representative of actual IRS proceedings.

Not only are a vast majority of cases resolved via mail primarily by math error notices, but the IRS must also follow due process and a comprehensive set of regulations regarding your federal tax matters. State tax authorities might not.

Here's how movies have been lying to you for decades and why it's actually your state tax agency you should be warier towards.

State-Level Taxpayer Bills of Rights and Due Process Don't Exist in Many States

During the Clinton era, the IRS underwent significant reforms meant to address the type of strong-arm tactics you may have seen in a great deal of 20th century media. Think of movies like *Happy Gilmore*, where a major plot point is that a struggling homeowner is threatened with having their house taken away to pay a severe tax debt.

Even if the IRS didn't act as bloodthirsty as the media of yesteryear portrayed them, there weren't many legal safeguards and standards of conduct for how revenue agents and officers interacted with the public. Then the Internal Revenue Service Restructuring and Reform Act of 1998 was passed. It was a landmark piece of legislation that drastically changed how federal tax collection actions are enforced.

There are five key provisions of this lengthy bill that ultimately changed IRS enforcement:

- All communications from the IRS must be in writing and sent to your last known mailing address. IRS employees will never contact you by phone, email, or social media or show up at your home or place of business unannounced.
- IRS agents and officers must follow due process in managing your account. They must have made several attempts to contact you by mail and give you a chance to explain your situation before your wages are garnished, or any liens are placed on your assets.
- If you can't afford to pay your taxes, various remedies are now available. IRS employees must consider factors of each taxpayer's situation, like income level and distress that impacts filing obligations, such as long-term illnesses and domestic violence.

- Suppose the amount you owe the IRS is so huge that you could not possibly pay it under your circumstances, or it didn't seem fairly assessed in the first place, like being based on a deceased spouse's formerly higher income. In that case, you have the right to settle with the agency for a lower sum.
- If you disagree with any decision the IRS makes, you always have the right to appeal and then to escalate to Tax Court if you disagree with the appeal's outcome.

Only seven states don't have an income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming. Tennessee and New Hampshire often get grouped with them since they don't tax your wages or self-employment income but do tax investments. Of the 41 states with their own income tax that tax a broader range of income types, their tax administration policies and procedures may look completely different from the uniform guidelines of the IRS.

With state coffers being more revenue-hungry than ever, they may take more liberties with collecting on overdue tax bills and not grant you due process. An officer for your state is more likely to show up at your home or business unannounced than the IRS, as your tax bills would need to be pretty grievous and long-neglected for the latter to happen post-Clinton era reform.

State Tax Agencies Have Little to No Oversight

Since state tax departments are subject to their individual state's constitution and change at the whims of state legislatures rather than Congressional and Presidential actions with multiple committees involved, this means they can have very little oversight when it comes to potential abuse, graft, and systemic problems. Whereas the Taxpayer Advocate Service (TAS) and Treasury Inspector General for Tax Administration (TIGTA) are the internal watchdogs that ensure the IRS runs smoothly, fairly enforces policies, identifies systemic problems, and doesn't rampantly waste the agency's resources by going after taxpayers who have little wherewithal to pay.

Because unpaid taxes must be ignored for an incredibly long time before the IRS can legally take drastic actions, mail-in notices accounted for an overwhelming majority of IRS activity in 2021. Of the IRS disputes that were escalated through the agency's automated underreporter program, 2.3 million cases were closed with it. At the same time, barely 1% entailed a field audit (the face-to-face shakedown usually depicted in film and TV).

State tax departments aren't mandated by the federal government to provide the in-depth level of public accountability and statistical data that the IRS does. The IRS is also under mandates to prevent waste of resources like siccing field agents on taxpayers who made simple math errors. The state you live in may be less charitable and demand a desk audit or field interrogation for state-level income taxes if the state’s general fund is particularly revenue-starved. They may target specific criteria like your profession, zip code, income bracket, or family size, and all without codes of conduct and internal watchdogs like TAS and TIGTA that tell officers they can't utilize state resources that way.

Your State Could Publicly Shame You if You Can't Pay Your Taxes

19 states "name and shame" residents who haven't paid their taxes. Florida, Indiana, and Minnesota only do this for business taxation, such as corporate income tax and sales tax filings. However, a vast majority of tax delinquents are individuals, and the other 16 states will name and shame them.

In a handful of states like Delaware, New York, Pennsylvania, and South Carolina, this public shaming comes only after a state-level lien or warrant is filed. But for others, any simple collection action gets your name on that list. These lists can even include personally-identifiable information like your home address, which hurts women and other marginalized groups the most.

Is this really the right or fair thing to do? Being delinquent on your taxes may be a sign of financial distress that is only exacerbated by being placed on such a list, which could have an outsized impact on finding a job or housing (thus making it impossible to earn money needed to pay the taxes). These policies only make life more difficult for people facing hardships like the death of loved ones and sudden medical issues. They sweep up innocent people with willful tax cheats.

Conversely, the IRS only publishes data sets and does not publicize individual taxpayer accounts. IRS examinations and communications only become public if you voluntarily escalate a case to Tax Court. Even your federal case file has more limits as to the breadth and depth of your personal information that can be published than states' tax delinquency databases.

You may read stories in the news occasionally about how a celebrity was faced with an onerous tax bill. However, their marketing teams make this knowledge public with that person's consent. The IRS doesn't comment on it because they cannot, even though this is how we got a Willie Nelson album and *The Fresh Prince of Bel-Air*. The IRS couldn't even publicly release Trump's tax returns while he was President and accountable to millions of people due to privacy mandates!

But a state tax department can absolutely make your state-level tax obligations into a fiscal freakshow, and is not likely to have the same mandates and oversight that give you options for payment, settlement, and maintaining your privacy.

Because of these facts, you should be far more afraid of state tax authorities' wrath than the IRS.