

**H.R. 2720, the *Alexis Agin Identity Theft Protection Act of 2013*
Fact Sheet**

Bill Summary

To help prevent identity (ID) theft and tax fraud, the *Alexis Agin Identity Theft Protection Act of 2013* ends the required publication of the Social Security Administration's (SSA) Death Master File (DMF), a database containing many of the death records the SSA obtains for use in administering benefits. This bipartisan legislation, introduced by Ways and Means Subcommittee on Social Security Chairman Sam Johnson (R-TX) and Ranking Member Xavier Becerra (D-CA), would eliminate a federal source of Social Security numbers (SSNs) used by ID thieves and reduce revenues lost when the Internal Revenue Service (IRS) pays refunds based on fraudulent tax filings.

Background

- **As a result of a court-mandated settlement involving the Privacy Act, which does not cover deceased individuals, and the Freedom of Information Act, the SSA has been required to make certain of its death-record information available to the public (including name, SSN, date of birth and death, and state of residence).** The SSA collects death information for purposes of administering its benefits. Since 1980, as a result of the settlement, it also provides a file of certain death records to the Commerce Department, which in turn makes it available for sale to the public. As of March 2013, this file, known as the DMF, includes the personal information of 87 million number holders who have died since 1936.¹
- **Increasingly, identity thieves are aiming their sights on children and the deceased.**
 - There were 16,133 cases of child identity theft reported to the Federal Trade Commission in 2012, representing a 248 percent increase since 2003 when 6,500 cases were reported.²
 - According to an ID Analytics study released in April 2012, the identities of roughly 800,000 deceased Americans are deliberately targeted by identity thieves to obtain loans, merchandise or other consumer credit each year.³
 - A recent AllClear ID Alert Network study found 10.7 percent of the children had their SSN used by someone else, thirty-five times higher than the adult theft rate.⁴ A child's identity is a blank slate with a low probability of discovery because children don't usually use their SSNs until their mid-teens, and parents don't monitor their children's identities.
- **The DMF is a resource for fraudsters seeking to capitalize on the identities of the deceased, particularly children.** Criminals file fraudulent electronic tax returns early in the tax year and receive their refund before the legitimate family files its return. ID thieves also use recent death data to access credit, employment, or other benefits in the deceased's name.
- **During Fiscal Year (FY) 2012, the IRS prevented \$20 billion in fraudulent refunds, including those related to identity theft, and began 898 criminal investigations involving identity theft, more than triple the number of cases from the previous year.**⁵
- **The President's FY 2014 budget, the National Taxpayer Advocate at the IRS, and the SSA Inspector General have called for the public release of current DMF data to cease.** The Joint Committee on Taxation (JCT) estimates that the President's proposal would prevent \$793 million in lost tax income over ten years.⁶
- **The accuracy and completeness of the DMF will continue to decline over time.**
 - Effective November 1, 2011, the SSA removed electronic death records (EDRs), owned by the States and protected by law from public display, which had been erroneously included in the DMF. Four million records were removed and over 1 million of the nearly 2.5 million deaths each year will no longer be reported in the DMF.
 - As EDR use expands, fewer State-provided deaths will appear on the DMF, further decreasing its accuracy.

- Approximately 12,000 living individuals are annually listed incorrectly as deceased, according to the SSA, resulting in benefit loss, financial hardship, and the public sharing of personal information for victims.⁷

Key Provisions in the Bill

- **Eliminates a Federal source of current death data used to victimize grieving families and defraud the IRS of millions in tax dollars.** Only deaths older than three years will be made publicly available through the DMF beginning January 2014. This will allow researchers and genealogists to access the data but the DMF will be useless to ID thieves who profit from the time lag between the reported death and when the IRS and other entities can flag the death in their operations. H.R. 2720 is named after the daughter of a family victimized by fraudsters and is similar to the President’s proposal to limit the public availability of death information. Savings from H.R.2720 are anticipated to be scored by JCT at a level similar to the Administration proposal.
- **Continues DMF access for insurance companies, other financial institutions, and fraud prevention entities that require this information.** Entities must be certified by the Commissioner, may not disclose the information, have adequate safety measures to protect the data, and are subject to audit. Entities who do not comply will be subject to monetary penalties and will lose access to the file permanently. Only entities that need the information in order to prevent financial harm or fraud, or to fulfill an obligation that is contingent on the death of an individual, are eligible to receive the DMF.
- **Reduces benefit fraud and aids law enforcement** by allowing distribution of the SSA’s full death database to Federal agencies for law enforcement and tax administration purposes. Continues existing distribution of SSA’s full death records to Federal and State agencies for purposes of administering federally- or state-funded benefits, and for research and statistical activities conducted by Federal and State agencies.
- **Enables States to be fully paid for their death data** by requiring any agency receiving the SSA’s full death information file to pay the SSA for the cost of the State EDR data in addition to the reasonable costs of producing the file, as required under current law.
- **Promotes more accurate, complete and timely death data from the States** by also requiring the SSA to reimburse the States for ensuring the completeness, timeliness, and accuracy of their death data, thereby providing funds to assist States to expand their EDR systems.
- **Ends Federal publication of the DMF on January 1, 2019 both to certified entities and to the general public.** Only contractors who assist the Defense Department in identifying remains of military personnel will receive the DMF. Since management of vital statistics is the constitutional right of the States, the bill would, after a transition period, end SSA’s role in providing death information to non-government entities. Instead, those interested in obtaining death information would need to obtain it directly from the source—the States—just as they do with other state data, such as motor vehicle records.

¹ [“Preliminary Observations on the Death Master File.”](#) GAO, May 8, 2013.

² Consumer Sentinel Network Data Book. Federal Trade Commission, February 2013.

³ [“Study: ID thieves robbing the grave; 2.5 million hit annually”](#), *ID Analytics*, April 23, 2012.

⁴ “Child Identity Theft Report 2012.” Jamie May, AllClear ID Alert Network, 2012.

⁵ [“IRS Intensifies National Crackdown on Identity Theft; Part of Wider Effort to Protect Taxpayers, Prevent Refund Fraud.”](#) IRS, February 7, 2013.

⁶ Estimated Budget Effects of the Revenue Provisions Contained in the President’s Fiscal Year 2014 Budget Proposal. Joint Committee on Taxation, May 10, 2013.

⁷ Testimony of the Honorable Patrick P. O’Carroll, Jr., Inspector General, Social Security Administration before the House Committee on Ways and Means, Subcommittee on Social Security: February 2, 2012.