

Honolulu, Hawaii

RE: S.C.R. No. 78
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred
S.C.R. No. 78 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING A MANAGEMENT AND
FINANCIAL AUDIT OF DEPARTMENT OF TAXATION CONTRACTS,"

begs leave to report as follows:

The purpose of this measure is to request the Auditor to
conduct a management and financial audit of all contracts between
the Department of Taxation and CGI Technologies and Solutions,
Inc., and its predecessor American Management Systems, Inc.

A concerned individual submitted testimony in support of this
concurrent resolution. The Department of Taxation submitted
comments on this concurrent resolution. Written testimony
presented to the Committee may be reviewed on the Legislature's
website.

Your Committee finds that, in 1999, the Department of
Taxation entered into a benefits funded contract with American
Management Systems, Inc., which later became CGI Technologies and
Solutions, Inc., to create the Integrated Tax Information
Management System project. Your Committee also finds that, from
2005 to 2008, the Department of Taxation contracted with CGI
Technologies and Solutions, Inc., through a sole source
procurement exemption for over \$60,000,000 related to the
Integrated Tax Information Management System. Your Committee
further finds that, in 2008, the Department of Taxation entered



into another contract with CGI Technologies and Solutions, Inc. for the collection of delinquent taxes.

Your Committee finds that concerns have been raised regarding the possibility that potential witnesses have been discouraged from coming forward to testify regarding the Department of Taxation's contracts with CGI Technologies and Solutions, Inc. Your Committee further finds that concerns have been raised regarding who will perform the functions currently performed by employees of CGI Technologies and Solutions, Inc., after the current delinquent tax collection contract ends.

Accordingly, your Committee has amended this concurrent resolution by:

- (1) Urging the Auditor to use all powers granted to the Auditor by the Hawaii Constitution and the Hawaii Revised Statutes, including the power to issue subpoenas to compel the appearance of witnesses and the production of documents, to the fullest extent necessary in the investigation of contracts between the Department of Taxation and CGI Technologies and Solutions, Inc.;
- (2) Requesting the Department of Taxation to establish and implement a transition plan wherein department personnel shall assume all functions performed by employees of CGI Technologies and Solutions, Inc., under the current delinquent tax collection contract;
- (3) Requesting the Department of Taxation to report to the Legislature on the development and implementation of the transition plan no later than August 31, 2010; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 78, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 78, S.D. 1.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONNA MERCADO KIM, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <div style="font-size: 1.5em; font-family: cursive;">SCR 78</div>	Committee Referral: <div style="font-size: 1.5em; font-family: cursive;">WAM</div>	Date: <div style="font-size: 1.5em; font-family: cursive;">4/7/10</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
✓ KIM, Donna Mercado (C)	/			
✓ TSUTSUI, Shan S. (VC)	/			
✓ CHUN OAKLAND, Suzanne	/			
✓ ENGLISH, J. Kalani	/			
✓ FUKUNAGA, Carol	/			
GALUTERIA, Brickwood				/
HEE, Clayton				/
HOOSER, Gary L.				/
✓ KIDANI, Michelle N.	/			
✓ KOKUBUN, Russell S.	/			
✓ TOKUDA, Jill N.	/			
✓ HEMMING, Fred			/	
TOTAL	8	0	1	3
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-family: cursive; font-size: 1.2em; margin-top: 10px;"> </div>				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes