STAND. COM. REP. NO. 315

Honolulu, Hawaii Feb (6 , 2011

RE: H.B. No. 382 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Legislative Management, to which was referred H.B. No. 382 entitled:

"A BILL FOR AN ACT RELATING TO THE AUDITOR,"

begs leave to report as follows:

The purpose of this bill is to provide the State Auditor (Auditor) with the tools necessary to conduct the Auditor's statutory and constitutional responsibilities. Specifically, this measure:

- Provides explicit authority to the Auditor to inspect all accounts, books, records, files, papers, and documents and all financial affairs of the Department of Taxation (DOTAX); and
- (2) Requires the Auditor to implement internal policies to protect the confidentiality of private personal information contained in tax returns.

The Auditor testified in support of this bill. DOTAX opposed this measure. The Tax Foundation of Hawaii provided comments.

Currently, the Auditor has the constitutional and statutory authority to conduct post-audits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the State and its political subdivisions. However,



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questions have been raised by DOTAX on the Auditor's authority and ability to review tax returns and other records on file with DOTAX, which has hindered the ability of the Auditor's office to conduct their work.

Nevertheless, your Committee understands the concerns raised by DOTAX regarding the protection of taxpayer information and the holding of individuals working for the Auditor to be held to the same dismissal and criminal penalties for disclosure of tax information as DOTAX employees. While the Auditor stated that other regulations require the Auditor's office to be held to the standards of the department they are auditing, explicitly stating this in DOTAX's case would not be a problem. Accordingly, your Committee has amended this bill by providing the same penalty provisions applicable to employees of DOTAX for disclosure of tax information to the Auditor or Auditor's agent.

Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 382, H.D. 1, and be referred to the Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Legislative Management,

KYLE T. YAMASHITA, Chair



State of Hawaii House of Representatives The Twenty-sixth Legislature



Record of Votes of the Committee on Legislative Management

The recommendation is to: Pass, unamended (as is) IP Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) It Hold It Hold LMG Members Ayes Ayes (WR) Nays Excused 1. YAMASHITA, Kyle T. (C) It is a short form bill with HD to recommit for future public hearing (recommit) It is a short form bill with HD to recommit for future public hearing (recommit) 2. TOKIOKA, James Kunane (VC) It is a short form bill with HD to recommit for future public hearing (recommit) It is a short form bill with HD to recommit for future public hearing (recommit) 3. MANAHAN, Joey It is a short form bill with HD to recommit for future public hearing (recommit) It is a short form bill with HD to recommit for future public hearing (recommit) 4. OSHIRO, Blake K. It is a short form bill with HD to recommit for future public hearing (recommit) It is a short form bill with HD to recommit for future public hearing (recommit) 5. WARD, Gene It is a short form bill with HD to recommendation is: It is a short form bill with HD to recommit for future public hearing (recommendation is: TOTAL (5) 5 It is a short form bill with HD to recommendation.	Bill/Resolution No.: Committee Referral: Date: HB 382 LMG, FIN Date:						
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