

STAND. COM. REP. NO.

1202

Honolulu, Hawaii

APR 08 2011

RE: H.B. No. 382  
H.D. 2  
S.D. 2

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 382, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the Auditor's execution of statutory and constitutional duties with regard to audits of the Department of Taxation.

Specifically, this measure:

- (1) Expressly authorizes the Auditor to inspect all accounts, books, records, files, papers, and documents and all financial affairs of the Department of Taxation;
- (2) Requires the Auditor to implement internal policies to protect the confidentiality of private personal information contained in tax returns; and
- (3) Expands the application of existing penalties for unauthorized disclosures of tax information by a state officer or employee to expressly include the Auditor and the Auditor's agent.

Your Committee received comments in support of this measure from Marion M. Higa, State Auditor, Office of the Auditor, State



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of Hawaii; and Frederick D. Pablo, Director, Department of Taxation.

Your Committee received comments on this measure from Tax Foundation of Hawaii.

Your Committee finds that while this measure grants express authority to the Auditor to effectively evaluate the activities and performance of the Department of Taxation, careful consideration should be given to the confidentiality of private taxpayer information that may be subject to these examinations.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the Auditor shall have access to tax returns and the accounts, books, records, files, papers, documents, and financial affairs of the Department of Taxation only to the extent necessary in the administration of the Auditor's duties and within the scope of an audit;
- (2) Making the measure effective upon its approval; and
- (3) Making a technical, nonsubstantive amendment to reflect existing statutory language.

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 is in accord with the intent and purpose of H.B. No. 382, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 382, H.D. 2, S.D. 2.

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

  
DAVID Y. IGE, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>HB 382, HD2, SD1</b>	Committee Referral: <b>JDL, WAM</b>	Date: <b>4-1-11</b>		
<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;"> <div> <input type="checkbox"/> Pass, unamended 2312         </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div> <input type="checkbox"/> Hold 2310         </div> <div> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.				/
ENGLISH, J. Kalani				/
ESPERO, Will	/			
FUKUNAGA, Carol	/			
KIM, Donna Mercado	/			
KAHELE, Gilbert	/			
KOUCHI, Ronald D.				/
RYAN, Pohai	/			
TOKUDA, Jill N.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			
<b>TOTAL</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>3</b>
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <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