

# TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

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SUBJECT: ADMINISTRATION, Inspection of tax return information

BILL NUMBER: SB 1200; HB 969 (Identical)

INTRODUCED BY: SB by Kim by request; HB by Souki by request

BRIEF SUMMARY: Adds a new section to HRS chapter 231 to prohibit the unauthorized, wilful inspection of: (1) any tax return; (2) return information; or (3) information which can identify a particular taxpayer that is received by the department of taxation for the purposes of tax administration by a state or other government employee. A violation of this section shall be punished by a fine of up to \$1,000 per return, document, or taxpayer, or by imprisonment of up to one year, or both.

Delineates conditions allowing the director of taxation to dismiss an employee. In the case of an employee who is under a contract with the department of taxation, the director may prohibit the employee from working on the contract, terminate the contract or prohibit the contractor from entering into future contracts with the department.

Defines “inspection,” “return,” “return information” and “unauthorized inspection” for purposes of the measure.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: This is an administration measure submitted by the department of taxation TAX-20 (13). The proposed measure would statutorily establish provisions for the unlawful and unauthorized inspection of a tax return and tax return information by any state or government employee. While it appears that this measure is proposed to prevent a repeat occurrence of the alleged improper access of computerized tax records, it should be noted that the antiquated computer system may also have been a factor in permitting this access.

While this measure will deter and may prevent future unauthorized access of such tax return and tax return information, an upgrade in the state’s computer systems may be warranted. Although there may have been some confusion and misunderstanding about when such records could be accessed or viewed, this proposal establishes a bright line to define when a violation has occurred.

Digested 2/8/13

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 25, 2013 9:21 PM  
**To:** FINTestimony  
**Cc:** tabraham08@gmail.com  
**Subject:** \*Submitted testimony for HB969 on Feb 27, 2013 11:30AM\*

### **HB969**

Submitted on: 2/25/2013

Testimony for FIN on Feb 27, 2013 11:30AM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Troy Abraham	Individual	Support	No

### Comments:

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