STAND. COM. REP. NO. 1213-16

Honolulu, Hawaii March 24 , 2016

RE: S.B. No. 2924 S.D. 2 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2924, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE DISCLOSURE OF TAX RETURN INFORMATION,"

begs leave to report as follows:

The purpose of this measure is to exempt the following from current prohibitions regarding the disclosure of tax returns and return information:

- (1) The limited disclosure of tax returns and return information to federal or state officials where such information is essential to the investigation or prosecution of a crime or to various civil, criminal, or administrative proceedings; and
- (2) The disclosure of tax return information for purposes of information management and other administrative service provisions relating to the administration, management, carrying out, direction, or supervision of the execution and application of federal or state tax laws.

This measure enables the Director of Taxation to adopt rules to ensure that any parties to whom information is disclosed shall take adequate measures to safeguard the tax return or tax return information that is disclosed.



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The Department of Taxation testified in support of this measure. The Tax Foundation of Hawaii and one concerned individual provided comments.

Your Committee has amended this measure to require each person or agency that receives taxpayer information to:

- Establish and maintain a permanent system of standardized records to track all of its requests for taxpayer information;
- (2) Establish and maintain secure storage for the taxpayer information; and
- (3) Restrict access to the taxpayer information to those who need the information to execute their responsibilities,

pursuant to procedures that are approved by the Director of Taxation.

Your Committee has amended this measure to make it effective upon approval and to make technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2924, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2924, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Judiciary,

KARL RHOADS, Chair



State of Hawaii House of Representatives The Twenty-eighth Legislature



Record of Votes of the Committee on Judiciary

Bill/Resolution No.: SB 2924, SD2 Committee Referral: JUD, FIN 03/15/					116
The committee is reconsidering its previous decision on the measure.					
The recommendation is to: □ Pass, unamended (as is) □ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)					
JUD Mem	bers	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)					· · · · · · ·
2. SAN BUENAVENTURA, Joy A. (VC)					
3. BELATTI, Della Au				· -	
4. BROWER, Tom					
5. CREAGAN, Richard P.					
6. HASHEM, Mark J.					
7. KAWAKAMI, Derek	/				
8. LEE, Chris					
9. MORIKAWA, Dee					
10. NAKASHIMA, Mark	М.				
11. TAKAYAMA, Gregg		-			
12. WOODSON, Justin H.	•	1			
13. McDERMOTT, Bob		/			
14. THIELEN, Cynthia					
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TOTAL (14)		11			3
The recommendation is: Adopted D Not Adopted					
If joint referral, did not support recommendation.					
Vice Chair's or designee's signature.					
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO					