

Honolulu, Hawaii

MAR 22 2006

RE: H.B. No. 439
H.D. 1
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Transportation and Government Operations and Judiciary and Hawaiian Affairs, to which was referred H.B. No. 439, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE OFFICE OF THE OMBUDSMAN,"

beg leave to report as follows:

The purpose of this measure is to permit the Office of the Ombudsman to obtain state tax returns and tax return information necessary to perform the official duties of the office of the ombudsman, including the investigation of the administrative acts of agencies.

Your Committees received testimony in support of this measure from the Office of the Ombudsman. Testimony in opposition was received from the Department of Taxation. Comments were received from the Tax Foundation of Hawaii.

Under current law, the Ombudsman is authorized to investigate administrative acts of agencies. In so doing, the Ombudsman may make inquiries and obtain relevant information as the Ombudsman deems fit. A recent opinion by the state attorney general concluded, however, that a narrow interpretation of state law prohibited the Ombudsman from obtaining state tax returns and return information in connection with the official duties of the Office of the Ombudsman.



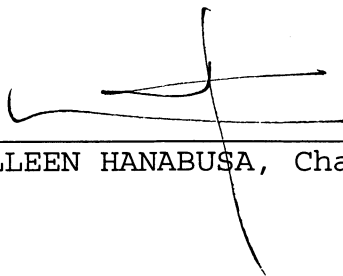
Your Committees find that allowing the Office of the Ombudsman to obtain state tax return information about taxpayers who file state tax returns would assist the Ombudsman in fulfilling the Ombudsman's duty to investigate complaints received concerning the administrative acts of agencies.

The intent of your Committees is that this measure applies solely to the investigation of taxpayer inquiry to the Ombudsman about the processing of the taxpayer's tax return by the Department of Taxation. This measure is inapplicable to obtaining personal information on the taxpayer.

Your Committees have amended this measure by changing the effective date to July 1, 2006.

As affirmed by the records of votes of the members of your Committees on Transportation and Government Operations and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 439, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 439, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Transportation
and Government Operations and
Judiciary and Hawaiian Affairs,



COLLEEN HANABUSA, Chair



LORRAINE R. INOUE, Chair



