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L A T E

SENATE COMMITTEE ON WAYS AND MEANS
TESTIMONY OF THE DEPARTMENT OF TAXATION
REGARDING HB 382, HD 2 SD1
RELATING TO THE AUDITOR

TESTIFIER: FREDERICK D. PABLO, DIRECTOR OF TAXATION (OR
DESIGNEE)
COMMITTEE: WAM
DATE: APRIL 1, 2011
TIME: 9:00AM

POSITION: SUPPORT INTENT WITH PROPOSED AMENDMENTS

This measure expressly authorizes the State Auditor to inspect the records of the Department of Taxation. The Department supports the intent of this Bill, but continues to have concerns related to maintaining the confidentiality of taxpayer information, and proposes the following amendments to the SD1 language (page 1, near the end of line 6 – deletions crossed out, new language in bold):

"Upon request by the auditor, the department of taxation shall provide to the auditor access to tax returns and ~~all~~ any accounts, books, records, files, papers, and documents and ~~all~~ any financial affairs of the department of taxation~~;~~ only to the extent necessary in making an audit; provided that for examinations and inspections relating to the department of taxation, the auditor shall adopt and implement internal policies to protect the confidentiality of private personal information contained in tax returns and return information."

The Department also requests that prior to the commencement of any audit, the Auditor work with the Director of Taxation to establish terms and conditions necessary for the safeguarding of confidential tax documents, including:

- Requiring all non-tax officials to sign an agreement regarding safeguarding the confidentiality of tax returns and return information;
- Maintaining all necessary documents at secured premises only;
- Prohibiting making copies of documents;
- Maintaining all documents within the Department of Taxation;
- Prohibiting the electronic transfer of documents; and
- Return and destruction of all copies which include personal taxpayer information.

Thank you for the opportunity to provide comments.