

LATE TESTIMONY

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STATE OF HAWAII
DEPARTMENT OF TAXATION

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To: The Honorable Will Espero, Chair
and Members of the Senate Committee on Public Safety, Government Operations, and
Military Affairs

The Honorable Clayton Hee, Chair
and Members of the Senate Committee on Judiciary and Labor

Date: Tuesday, January 31, 2012
Time: 2:45 p.m.
Place: Conference Room 224, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. No. 2380 Relating to Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 2380 and provides the following information and comments for your consideration.

S.B. 2380 requires the Department to permit the counties access to income tax data of taxpayers for real property tax purposes.

Due to the high level of confidentiality afforded taxpayer information, both at the State and federal level, the Department cannot support providing non-Department of Taxation staff access to its income tax. County employees would be held to the same standard of confidentiality that Department employees must adhere to, which includes the possibility of termination and criminal charges should a violation occur.

At the same time, the Department understands the counties' need to verify income information as a requisite for receiving certain county-funded benefits. Currently, the Department is able to assist the counties in determining real property tax benefits for certain individuals. We are willing to work with the counties to identify and resolve other potential issues that may require information on taxpayers' status.

Thank you for the opportunity to provide comments.

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TO: Members of the Committees on Public Safety, Government Operations, and
Military Affairs and Judiciary and Labor

FROM: Natalie Iwasa, CPA
Honolulu, HI 96825
808-395-3233

REGULAR
MEETING: 2:45 p.m. Tuesday, January 31, 2012

SUBJECT: SB 2380 Relating to Tax - Sharing Information with Counties (SUPPORT)

Aloha Chair and Senators,

Thank you for allowing me to provide testimony on SB 2380, which would allow the state department of taxation to share certain tax information with the counties.

Currently, the City and County of Honolulu offers a real property tax credit to certain homeowners who make less than \$50,000 per year. Applicants are required to submit an application along with tax documents, including income tax returns, to the county Department of Budget and Fiscal Services. The county also currently requires a tax return transcript, and this requirement alone causes confusion and frustration for both the applicant and county employees. If the county were allowed access to information filed with the Hawaii Department of Taxation, the application process could be simplified and more efficient.

I therefore support this bill and ask you to vote "yes."