



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SEVENTH LEGISLATURE, 2013**

ON THE FOLLOWING MEASURE:

H.B. NO. 968, RELATING TO THE UNLAWFUL DISCLOSURE OF TAX RETURNS AND TAX RETURN INFORMATION.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Wednesday, February 27, 2013 **TIME:** 11:30 a.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): David M. Louie, Attorney General, or
Hugh R. Jones, Deputy Attorney General

Chair Luke and Members of the Committee:

The purpose of this bill is to clarify provisions of existing law that make it a criminal offense to disclose tax returns and tax return information to any person other than the Taxpayer or the Taxpayer's authorized representative, with certain other exceptions.

The Attorney General strongly supports the proposed exceptions in subsection (c)(2), (3), and (4) of the proposed new section of chapter 231, Hawaii Revised Statutes (HRS), in section 1 of the bill, that would create tax law enforcement and tax controversy exceptions to the rule of non-disclosure. The existing statutes in Title 14, HRS, that criminalize the disclosure of returns and return information do not sufficiently or clearly authorize the disclosure of returns and return information to law enforcement agencies, such as the Department of the Attorney General, to defend or prosecute tax controversies or cases or to prosecute criminal violations.

The Attorney General notes that these exceptions are modeled upon identical provisions contained in the Internal Revenue Code, that authorize the disclosure of returns and return information to the U.S. Department of Justice under similar circumstances.

The Attorney General strongly believes that this bill provides far greater clarity about the authorized and unauthorized disclosure of return information and requests that the Committees pass this measure.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: ADMINISTRATION, Disclosure of tax return information

BILL NUMBER: SB 1199; HB 968 (Identical)

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

BRIEF SUMMARY: Adds a new section to HRS chapter 231 to consolidate and combine the unlawful disclosure of tax returns and tax return information provisions. Repeals the similar provisions under HRS sections 235-116, 237-34, 237D-13, 251-12 and 812-12.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: This is an administration measure submitted by the department of taxation TAX-19 (13). Currently unlawful disclosure provisions are contained in various tax chapters. This measure would consolidate those provisions into a single chapter and further clarify that any tax return and information submitted to the department of taxation is highly confidential.

Digested 2/8/13