

SB 1199

Testimony

Measure Title: RELATING TO THE UNLAWFUL DISCLOSURE OF TAX RETURNS AND TAX RETURN INFORMATION.

Report Title: Unlawful Disclosure of Tax Returns and Tax Return Information

Description: Consolidates and clarifies unlawful disclosure of tax returns and tax return information requirements under chapter 231, Hawaii Revised Statutes.

Companion: [HB968](#)

Package: Gov

Current Referral: TEC/JDL, WAM

Introducer(s): KIM (Introduced by request of another party)

From: mailinglist@capitol.hawaii.gov
To: [TECTestimony](#)
Cc: tax.leg@hawaii.gov
Subject: Submitted testimony for SB1199 on Feb 11, 2013 09:30AM
Date: Sunday, February 10, 2013 3:53:54 PM
Attachments: [SB1199 TAX 02-11-13 TEC-JDL.pdf](#)

SB1199

Submitted on: 2/10/2013

Testimony for TEC/JDL on Feb 11, 2013 09:30AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Wisch	Dept of Taxation	Support	Yes

Comments:

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NEIL ABERCROMBIE
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To: The Honorable Glenn Wakai, Chair
and Members of the Senate Committee on Technology and the Arts

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

Date: Monday, February 11, 2013
Time: 9:30 a.m.
Place: Conference Room 016, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 1199 Relating to Unlawful Disclosure of Tax Returns and Tax Return Information

The Department of Taxation (Department) strongly supports S.B.1199.

S.B. 1199 creates a new section in Hawaii Revised Statutes (HRS) Chapter 231 and consolidates the various unauthorized disclosure statutes in HRS Chapters 235, 237, 237D, and 251. This new section will apply to all HRS Title 14 chapters relating to taxation. Consolidating the unlawful disclosure provisions will clarify that there is a uniform statutory bar from unlawfully disclosing tax return and tax return information.

Under this measure tax return and tax return information may be disclosed to the taxpayer, taxpayer's authorized agent, persons duly authorized by the State or county in connection with their official duties, and the Multistate Tax Commission or authorized representative thereof. Tax return and tax return information filed under HRS Chapters 237, 237D, and 251 may be disclosed to persons with a material interest, which includes trustees, partners, a person designated by a board of directors, bona fide shareholders of record, persons authorized to act for a corporation in dissolution, any personal representative, trustee, heir or beneficiary of an estate or trust, trustee in bankruptcy, persons duly authorized by the State or United States government, members of an LLC, and a person contractually obligated to pay the taxes.

Currently, unlawful disclosure violations are considered to be misdemeanors; however, violations under S.B. 1199 would be considered a felony punishable upon conviction of up to five years imprisonment and a fine up to \$5,000. In addition to these criminal penalties the

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SB 1199
February 8, 2013
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violating person will be dismissed from office or discharged from employment upon conviction. Due to the serious nature of unlawful disclosure violation, the Department believes that clarity in the law and considerable penalties set forth in this measure are appropriate.

Thank you for the opportunity to provide comments.

From: mailinglist@capitol.hawaii.gov
To: [TECTestimony](#)
Cc: anne.e.lopez@hawaii.gov
Subject: Submitted testimony for SB1199 on Feb 11, 2013 09:30AM
Date: Friday, February 08, 2013 5:01:35 PM
Attachments: [SB1199 ATG 02-11-13 TEC JDL.pdf](#)

SB1199

Submitted on: 2/8/2013

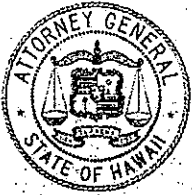
Testimony for TEC/JDL on Feb 11, 2013 09:30AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Anne	Department of Attorney General	Comments Only	Yes

Comments: Jodi K. Yi, Deputy Attorney General, will be present at the hearing on SB1199 to testify.

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

ON THE FOLLOWING MEASURE:

S.B. NO. 1199, RELATING TO THE UNLAWFUL DISCLOSURE OF TAX RETURNS AND TAX RETURN INFORMATION.

BEFORE THE:

SENATE COMMITTEES ON TECHNOLOGY AND THE ARTS AND ON JUDICIARY AND LABOR

DATE: Monday, February 11, 2013 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 016

TESTIFIER(S): David M. Louie, Attorney General, or
Jodi K. Yi, Deputy Attorney General

Chairs Wakai and Hee and Members of the Committees:

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, 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, Hawaii Revised Statutes, 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.

From: mailinglist@capitol.hawaii.gov
To: [TECTestimony](#)
Cc: tina500@juno.com
Subject: Submitted testimony for SB1199 on Feb 11, 2013 09:30AM
Date: Friday, February 08, 2013 1:41:03 PM
Attachments: [s1199-13.pdf](#)

SB1199

Submitted on: 2/8/2013

Testimony for TEC/JDL on Feb 11, 2013 09:30AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Lowell Kalapa	Tax Foundation of Hawaii	Comments Only	No

Comments: Here is the Tax Foundation of Hawaii testimony on SB 1199.

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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

From: mailinglist@capitol.hawaii.gov
To: [TECTestimony](#)
Cc: tbraham08@gmail.com
Subject: *Submitted testimony for SB1199 on Feb 11, 2013 09:30AM*
Date: Saturday, February 09, 2013 9:55:33 AM

SB1199

Submitted on: 2/9/2013

Testimony for TEC/JDL on Feb 11, 2013 09:30AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments:

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