

STAND. COM. REP. NO. **2536**

Honolulu, Hawaii

**FEB 28 2014**

RE: S.B. No. 2779  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2779 entitled:

"A BILL FOR AN ACT RELATING TO FINANCIAL AUDIT OF THE STATE OF HAWAII BY THE LEGISLATIVE AUDITOR,"

begs leave to report as follows:

The purpose and intent of this measure is to specifically authorize the Auditor to obtain tax return information necessary for conducting the Comprehensive Annual Financial Report audit of the State.

This measure also requires the Auditor and the Auditor's authorized agents to maintain the confidentiality of tax return information obtained under this measure.

The Department of Accounting and General Services, Department of Budget and Finance, and the Office of the Auditor testified in support of this measure. The Department of Taxation orally testified in support of the measure. The Department of the Attorney General and the Tax Foundation of Hawaii submitted comments.

Your Committee finds section 23-5, Hawaii Revised Statutes, authorizes the Auditor to conduct audits of all departments, offices, and agencies of the State and its political subdivisions. However, questions have been raised regarding the Auditor's authority to review tax returns and other tax records on file with the Department of Taxation that the Auditor requires to conduct

SB2779 SD1 SSCR LRB 14-0993-1.doc



the Comprehensive Annual Financial Report audit of the State. This measure will provide the Auditor with clear authority to access relevant and necessary tax return information for financial audits of the State, while ensuring that taxpayer information will remain confidential.

Your Committee has amended this measure by making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2779, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2779, S.D. 1, and be placed on the calendar for Third Reading.

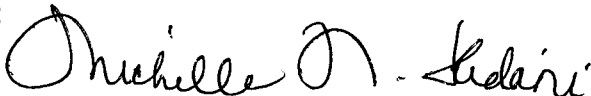
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
DAVID Y. IGE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2779	WAM	2-5-14		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.				✓
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
	12	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes