

Honolulu, Hawaii  
March 24, 2016

RE: S.B. No. 2924  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2924, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE DISCLOSURE OF TAX RETURN INFORMATION,"

begs leave to report as follows:

The purpose of this measure is to exempt the following from current prohibitions regarding the disclosure of tax returns and return information:

- (1) The limited disclosure of tax returns and return information to federal or state officials where such information is essential to the investigation or prosecution of a crime or to various civil, criminal, or administrative proceedings; and
- (2) The disclosure of tax return information for purposes of information management and other administrative service provisions relating to the administration, management, carrying out, direction, or supervision of the execution and application of federal or state tax laws.

This measure enables the Director of Taxation to adopt rules to ensure that any parties to whom information is disclosed shall take adequate measures to safeguard the tax return or tax return information that is disclosed.



The Department of Taxation testified in support of this measure. The Tax Foundation of Hawaii and one concerned individual provided comments.

Your Committee has amended this measure to require each person or agency that receives taxpayer information to:

- (1) Establish and maintain a permanent system of standardized records to track all of its requests for taxpayer information;
- (2) Establish and maintain secure storage for the taxpayer information; and
- (3) Restrict access to the taxpayer information to those who need the information to execute their responsibilities,

pursuant to procedures that are approved by the Director of Taxation.

Your Committee has amended this measure to make it effective upon approval and to make technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2924, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2924, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary,



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KARL RHOADS, Chair



