

Honolulu, Hawaii

April 8, 2016

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2924, S.D. 2, H.D. 1, 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 allow for the limited disclosure of tax returns and return information under certain circumstances while maintaining protections for taxpayer information. Specifically, this measure:

- (1) Exempts the following from current prohibitions regarding the disclosure of tax returns and return information:
 - (A) 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
 - (B) 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;




- (2) Requires each person or agency that receives taxpayer information to, pursuant to procedures approved by the Director of Taxation:
 - (A) Establish and maintain a permanent system of standardized records to track all of its requests for taxpayer information, as well as a secure storage system for taxpayer information; and
 - (B) Restrict access to the taxpayer information to those who need the information to execute their responsibilities; and
- (3) 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 the Attorney General, Department of Taxation, and Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this measure by changing its effective date to July 1, 2030, to facilitate further discussion.

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

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



SYLVIA LUKE, Chair



