

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2924

S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2924, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to provide certain government officials with access to tax return information for limited purposes.

Specifically, this measure:

- (1) Amends section 231-18, Hawaii Revised Statutes, to allow disclosure of tax return information to the Department of the Attorney General, federal, state, or local officials, and other persons in certain limited situations; and
- (2) Amends section 235-116, Hawaii Revised Statutes, to clarify that all information filed under chapter 235, Hawaii Revised Statutes, with any state agency is confidential.

Your Committee received written comments in support of this measure from the Department of Taxation.

Your Committee received comments on this measure from the Tax Foundation of Hawaii and one individual.



Your Committee finds that the Department of Taxation is authorized to disclose tax return information to duly accredited federal, state, and local tax officials. Your Committee also finds that this measure is intended to clarify some of the common, specific instances where the Department of Taxation may disclose tax return information. Your Committee notes that the amendments proposed by this measure appear to be comparable to federal provisions allowing the disclosure of tax information; specifically section 6103 of the Internal Revenue Code. However, your Committee also notes that the amendments proposed by this measure do not incorporate procedural and recordkeeping safeguards detailed in section 6103(p) of the Internal Revenue Code.

Your Committee has amended this measure by authorizing the Department of Taxation to adopt administrative rules to ensure that any parties to which a tax return or tax return information is disclosed shall take adequate measures to safeguard the tax return or tax return information disclosed. It is your Committee's intent that the Department of Taxation consider using section 6103(p) of the Internal Revenue Code as a model when adopting these administrative rules.

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. 2924, S.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.

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

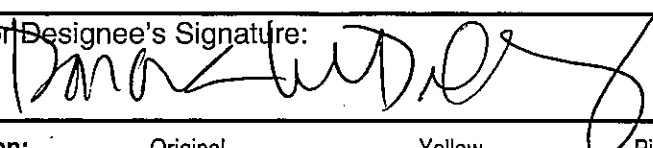


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2924, SD1	Committee Referral: JDL, WAM	Date: 7/28/16		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne				/
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood				/
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam		/		
	/			
TOTAL	8	1		2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes