



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2017**

ON THE FOLLOWING MEASURE:

H.B. NO. 1031 CRIMINAL HISTORY RECORD CHECKS.

BEFORE THE:

HOUSE COMMITTEE ON JUDICIARY

DATE: Tuesday, February 7, 2017 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 325

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Nathan S.C. Chee, Deputy Attorney General

Chair Nishimoto and Members of the Committee:

The Department of the Attorney General supports this administration bill.

The purpose of this bill is to authorize the Child Support Enforcement Agency (CSEA) and the Departments of Taxation, Labor and Industrial Relations, and Human Services to conduct criminal history record checks for employees, applicants for employment, and contractors who will have access to Federal Tax Information (FTI).

The Internal Revenue Service (IRS), through *Publication 1075, Tax Information Security Guidelines for Federal, State and Local Agencies*, recently mandated that all agencies receiving FTI perform background checks, including an FBI fingerprint search, on all employees, applicants for employment, and contractors who have access to FTI.

The CSEA receives FTI for the purposes of locating noncustodial parents and for the enforcement of child support obligations through the interception of federal income tax refunds.

The Department of Taxation receives and relies on FTI to perform audits. Maintaining access to FTI is required for the proper administration and collection of taxes.

The Department of Labor and Industrial Relations (DLIR) receives FTI for two purposes: (1) to reduce worker misclassification; and (2) to support the Treasury Offset Program (TOP). Worker misclassification occurs when an employee is erroneously

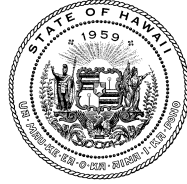
classified by an employer as an independent contractor or not classified at all and becomes part of the underground economy. The TOP is a centralized offset program administered by the Bureau of the Fiscal Service's Debt Management Services to collect delinquent debts owed to federal agencies and states (including past-due child support). On December 26, 2013, President Obama signed into law the Bipartisan Budget Act. The Act requires each state to administer the unemployment insurance programs and to use TOP to recoup certain outstanding debts via intercept of Federal income tax refunds as a condition for receipt of grants. As the DLIR relies on grant funding to operate the unemployment insurance offices, continued access to FTI must be maintained.

The Department of Human Services (DHS) receives FTI from both the IRS and the Social Services Administration (SSA). DHS relies on FTI and other income data sources to accurately determine an individual's eligibility for services and programs.

To ensure the agency and departments discussed above may continue to perform their core functions, we respectfully request passage of this bill.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
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MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Scott Y. Nishimoto, Chair
and Members of the House Committee on Judiciary

Date: Tuesday, February 7, 2017

Time: 2:00 P.M.

Place: Conference Room 325, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 1031, Relating to Criminal History Record Checks

The Department of Taxation (Department) strongly supports H.B. 1031, an administration measure allowing the Department and other agencies to conduct criminal history record checks on employees with access to federal tax information. H.B. 1031 is effective upon its approval.

The Internal Revenue Service (IRS), through Publication 1075, Tax Information Security Guidelines for Federal, State and Local Agencies, recently mandated all agencies that receive Federal Tax Information (FTI) perform background checks, including an FBI fingerprint search, on all employees who access FTI.

The Department of Taxation relies on FTI received from the IRS to target and perform audits. Maintaining access to FTI is critical to the administration of taxes. There will be a definite decrease in tax revenue collected without the ability to receive FTI.

Thank you for the opportunity to provide testimony in support.

DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LATE

LINDA CHU TAKAYAMA
DIRECTOR
LEONARD HOSHIO
DEPUTY DIRECTOR

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February 6, 2017

To: The Honorable Scott Y. Nishimoto, Chair
The Honorable Joy A. San Buenaventura, Vice Chair, and
Members of the House Committee on Judiciary

Date: Tuesday, February 7, 2017
Time: 2:00 P.M.
Place: Conference Room 325, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1031 Relating to Criminal History Record Checks

The Department strongly supports H.B.1031 that allows the department to conduct criminal history record checks on employees with access to the federal tax information. H.B. 1031 is effective upon its approval.

The Internal Revenue Service (IRS), through Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies, recently mandated all agencies that received Federal Tax Information (FTI) perform background checks, including an FBI fingerprint search, on all employees who access FTI.

The Department participates in the Treasury Offset Program (TOP), which allows the state UI program to recover certain unemployment debts from federal income tax refunds. Hawaii must participate in TOP to qualify for future supplemental funding available from the U.S. Department of Labor (USDOL).

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 3, 2017 3:21 PM
To: JUDtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1031 on Feb 7, 2017 14:00PM*

Categories: Blue Category

HB1031

Submitted on: 2/3/2017

Testimony for JUD on Feb 7, 2017 14:00PM in Conference Room 325

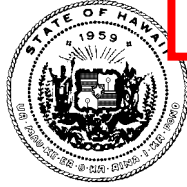
Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

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DAVID Y. IGE
GOVERNOR



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DIRECTOR

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DEPARTMENT OF HUMAN SERVICES
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Honolulu, Hawaii 96809-0339

February 7, 2017

TO: The Honorable Representative Scott Y. Nishimoto, Chair
House Committee on Judiciary

FROM: Pankaj Bhanot, Director

SUBJECT: **HB1031 - RELATING TO CRIMINAL HISTORY RECORD CHECKS**

Hearing: February 8, 2017, 2:00 p.m.
Conference Room 325, State Capitol

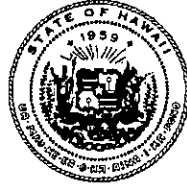
DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this administration measure.

PURPOSE: The purpose of this measure is to add the Child Support Enforcement Agency and the Departments of Taxation, Human Services, and Labor and Industrial Relations to the list of agencies that are authorized to conduct criminal history record checks on employees, prospective employees, and contractors that have access to federal tax information (FTI).

The Internal Revenue Service (IRS), through Publication 1075, Tax Information Security Guidelines for Federal, State and Local Agencies, recently mandated all agencies that receive Federal Tax Information (FTI) perform background checks, including an FBI fingerprint search, on all employees, applicants for employment, and contractors who access to FTI.

DHS receives FTI from both the Internal Revenue Services (IRS) and the Social Security Administration, and approximately 600 employees have access to FTI. This measure will support the efforts to safeguard FTI and remain compliant with federal law changes.

Thank you for this opportunity to provide comments on this bill.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 7, 2017

TO: The Honorable Representative Scott Y. Nishimoto, Chair
House Committee on Judiciary

FROM: Pankaj Bhanot, Director

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