Honolulu, Hawaii

RE: S.B. No. 2382

S.D. 2 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

## Sir:

Your Committee on Finance, to which was referred S.B. No. 2382, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to expand the Department of Taxation's (DOTAX) performance-based contract capabilities to create revenue-generating initiatives. Among other things, this bill:

- (1) Establishes the Integrated Tax Information Management Systems Special Fund (Fund);
- (2) Requires monies from the Fund to be used to pay for performance-based contracts and administrative and operating expenses;
- (3) Requires any excess funds to be deposited into the general fund;
- (4) Allows DOTAX to enter into performance-based contracts to enhance or acquire automated tax systems, including computer hardware and software, for the administration of taxes imposed under Title 14, Hawaii Revised Statutes;

- (5) Requires DOTAX to enter into performance-based contracts to enhance or acquire automated tax systems, including hardware and software for:
  - (A) The Streamlined Sales and Use Tax Agreement; and
  - (B) The implementation and administration of the county surcharge on state tax;
- (6) Requires that the title to the enhanced or automated tax systems be given to the State upon full payment to the contracted vendor; and
- (7) Requires DOTAX to report to the Legislature prior to the convening of every regular session on the status of performance-based contracts and provide an accounting of all monies appropriated.

The Department of Budget and Fiscal Services of the City and County of Honolulu testified in support of this bill. DOTAX supported the intent of this measure. The Tax Foundation of Hawaii submitted comments.

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

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. 2382, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2382, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

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

DWIGHT TAKAMINE, Chair

## State of Hawaii House of Representatives The Twenty-third Legislature

## HSCR 1463-06

## **Record of Votes of the Committee on Finance**

Bill/Resolution No.: SB 2382, SD2	Date:	3.	30.0.	6
Committee Referral: FIN	☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to:   Pass, unamended	Pass, with amendments			
☐ Hold	□ Re	commit .		<b>_</b>
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKAMINE, Dwight Y. (C)				
2. KAWAKAMI, Bertha C. (VC)				
3. CARROLL, Mele				
4. CHONG, Pono	V			
5. EVANS, Cindy				
6. LEE, Marilyn B.				
7. MAGAOAY, Michael Y.	~			
8. NAKASONE, Bob				
9. NISHIMOTO, Scott Y.				
10. TANAKA, Kameo				
11. TSUJI, Clift	V			
12. WAKAI, Glenn	/			
13. YAMANE, Ryan I.				
14. YAMASHITA, Kyle T.				
15. MEYER, Colleen Rose	*			
16. MOSES, Mark S.				
17. PINE, Kymberly	,	V		
18. STEVENS, Anne V.				
TOTAL	13	2	2	1
The recommendation is:				
☐ Not Adopted				
		did not sunn	ort recommendation	
If joint referral,comm	nittee acronym(		or recommendation	•
Vice Chair's or designee's signature:	O.X.	]a / a	•	
	licate (Yellow)	-HMSO I	Duplicate (Pink) – C	lerk's Office