

STAND. COM. REP. NO.

697

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 972
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 972, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX ADMINISTRATION,"

begs leave to report as follows:

The purpose of this measure is to ensure that cash-based businesses operating in Hawaii are paying their proper share of taxes by providing the Department of Taxation with an additional tool to seek compliance from non-compliant businesses.

Specifically, the measure empowers the Department of Taxation to:

- (1) Coordinate with the Department of Commerce and Consumer Affairs on requiring a general excise tax clearance prior to license issuance or renewal for certain regulated industries;
- (2) Coordinate with federal agencies and procurement officers to require general excise tax clearances on federal construction jobs; and
- (3) Coordinate with unions and federal agencies on database and intelligence sharing, along with cooperative auditing of construction work sites for compliance with general excise tax reporting and income tax withholding requirements.



Your Committee received one written comment on this measure. The written comment may be reviewed on the Legislature's website.

Your Committee finds that this measure will identify cash-based industries and businesses in Hawaii that are susceptible to evading the payment of income, general excise, withholding, and employment taxes. Your Committee believes that this will allow the Department of Taxation to focus its audit resources on those industries and recapture tax revenues that previously went uncollected.

Your Committee amended this measure by:

- (1) Changing the effective date to July 1, 2090, to facilitate further discussion on the measure; and
- (2) Making technical, nonsubstantive amendments for consistency and clarity.

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. 972, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 972, S.D. 2.

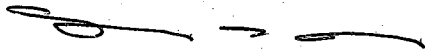
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONNA MERCADO KIM, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

| | | | | |
|--|---------------------|-----------------|---------------------|---------|
| Bill / Resolution No.:* | Committee Referral: | Date: | | |
| SB 972 SPI | EDT, WAM | MAR 2, 2009 | | |
| <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 |
| KIM, Donna Mercado (C) | / | | | |
| TSUTSUI, Shan S. (VC) | / | | | |
| CHUN OAKLAND, Suzanne | / | | | |
| ENGLISH, J. Kalani | / | | | |
| FUKUNAGA, Carol | / | | | |
| GALUTERIA, Brickwood | / | | | |
| HEE, Clayton | | | | / |
| HOOSER, Gary L. | / | | | |
| KIDANI, Michelle N. | / | | | |
| KOKUBUN, Russell S. | | | | / |
| TOKUDA, Jill N. | / | | | |
| HEMMINGS, Fred | / | | | |
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| TOTAL | 10 | 0 | 0 | 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