STAND. COM. REP. NO. 515 -10

Honolulu, Hawaii **FEY 26**, 2010 RE: H.B. No. 1922 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1922 entitled:

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"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to require, among other things, a nonresident seller of real property located in Hawaii to provide the Bureau of Conveyances a tax clearance issued by the Department of Taxation (DOTAX) certifying that the seller has paid all general excise, transient accommodations, and income taxes as a condition to recording a change in title on the real property.

Title Guaranty of Hawaii, Inc., and Title Guaranty Escrow Services, Inc., testified in opposition to this bill. DOTAX, the Department of the Attorney General, Tax Foundation of Hawaii, Hawaii Association of REALTORS, American Resort Development Association-Hawaii, Marriott Vacation Club International, and Wyndham Worldwide offered comments.

Your Committee has amended this bill by:

(1) Inserting purpose language to clarify that the purpose of this bill is to address a problem with the collection of unpaid transient accommodations and general excise taxes on rental income from real property owned by nonresidents who fail to file tax returns on such income and move beyond the jurisdiction of the State after the property is sold and transferred;

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- (2) Applying to all sellers, regardless of residency, the requirement that sellers of real property located in Hawaii provide the Bureau of Conveyances a tax clearance, and placing those provisions in a separate statutory section;
- (3) Authorizing the Director of Taxation to require every escrow depository required to file a return of the amount of tax withheld on the disposition of real property, to remit taxes by electronic funds transfer;
- (4) Requiring every escrow depository who is authorized to file a completed return on behalf of a transferee to file the return not more than two working days following the authorization date and deliver a receipt from DOTAX to the transferee;
- (5) Inserting a savings clause;
- (6) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (7) 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 H.B. No. 1922, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1922, H.D. 1, and be placed on the calendar for Third Reading.

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

MARCUS R. OSHIRO, Chair



State of Hawaii House of Representatives The Twenty-fifth Legislature

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HSCR515

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB1922	e Referral: FIN	Date	"2/12/1	0
 The committee is reconsidering its previous decision on the measure. The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) 				
1. OSHIRO, Marcus R. (C)			an de la companya de Esta de la companya d	
2. LEE, Marilyn B. (VC)				
3. AQUINO, Henry J.C.	V			
4. AWANA, Karen Leinani	~			
5. BROWER, Tom	~			
6. CHOY, Isaac W.	~			
7. COFFMAN, Denny				
8. HAR, Sharon E.	~			
9. KEITH-AGARAN, Gilbert S.C.	~			
10. LEE, Chris				
11. NISHIMOTO, Scott Y.	Ļ			
12. SAGUM, Roland D., III	L			
13. TOKIOKA, James Kunane				
14. WOOLEY, Jessica	-			
15. YAMASHITA, Kyle T.				
16. FINNEGAN, Lynn				
17. WARD, Gene				
TOTAL (17)	17	0	0	0
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:Maily B. Lel				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				