

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1106
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. 1106, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to require a seller of real property in the State to furnish a tax clearance certificate to the Bureau of Conveyances upon the sale of the real property.

The tax clearance certificate certifies that the Hawaii Real Property Tax Act withholding requirements were satisfied as a condition to recording a transfer of title on the real property.

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

Your Committee finds that state tax revenues have declined due to a weakening state economy. In addition, the under reporting of taxes has contributed to a greater loss in the collection of state tax revenues. This measure will assist the State in collecting the full amount of tax revenue owed to the State in real estate transactions by requiring certifications from both the buyer and seller.

Your Committee also finds that an out-of-state buyer, not the seller, should have the responsibility of submitting a verification form to the Bureau of Conveyances in accordance with the Hawaii Real Property Tax Act. An out-of-state seller,



however, should be required to submit a certified tax clearance certificate issued by the Department of Taxation to ensure the full and proper payment of all state taxes. Your Committee believes that these provisions will ensure that the State receives all tax revenues that have been under reported and uncollected in the past, with respect to transfers of real estate.

Your Committee has amended this measure by:

- (1) Requiring an out-of-state buyer to submit a certified Hawaii real property tax act payment verification form to the Bureau of Conveyances as a precondition to recording the transfer of title to real property;
- (2) Clarifying that an out-of-state seller shall obtain a certified tax clearance certificate from the Department of Taxation, verifying that the seller has paid all required taxes due to the State, and requiring the seller to apply for the clearance no later than fifteen days after the transfer date of the real property; and
- (3) Making technical nonsubstantive amendments.

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. 1106, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1106, 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.:* SB 1106 SD1	Committee Referral: CPN, WAM	Date: MAR 4 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: <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 </div>				
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	✓			
TOTAL	10			2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: 				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy </div>				

*Only one measure per Record of Votes