

STAND. COM. REP. NO.

2618

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2752  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2752 entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide for the recovery of administrative costs associated with investigating tax crimes when a taxpayer is convicted of a tax offense or has a conviction deferred.

Your Committee received comments in support of this measure from the Department of Taxation. The Tax Foundation of Hawaii submitted comments. The written comments may be reviewed on the Legislature's website.

Your Committee finds that the mandatory assessment of the cost of investigating tax offenses will deter tax violators from evading taxes and committing other similar crimes. As a matter of fairness, your Committee would like to consider revisions to this measure to allow a taxpayer who successfully contests an administrative assessment for certain tax violations to recover the cost of contesting the assessment, including professional fees. Similarly, your Committee would like to consider revisions to permit a taxpayer who prevails in a criminal trial or on appeal to recoup reasonable attorney's fees and other costs related to defending against the charges. Due to time restrictions, however, your Committee was not able to properly study this matter, but



encourages and invites other legislative committees that will review this measure to consider this issue.

Your Committee amended this measure by:

- (1) Clarifying that the court shall assess a reasonable cost for investigating a tax violation;
- (2) Changing the effective date of the measure to July 1, 2055, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive amendments for purposes of clarity and style.

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. 2752, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2752, S.D. 1.

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

  
DONNA MERCADO KIM, Chair



