STAND. COM. REP. NO. 566

Honolulu, Hawaii Feb Ng , 2011

RE: H.B. No. 119 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 119 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to address the financial difficulty faced by the State and its citizens by amending the Tax Code to:

- Allow taxpayers to designate the tax period for any payment made or penalty assessed on the taxpayer;
- (2) Provide taxpayers equitable relief from tax liability if the circumstances show it is in the interest of justice;
- (3) Place the burden of proof of the Department of Taxation (DOTAX) in specified proceedings before the board of review or tax appeal court; and
- (4) Create a state-wide tax amnesty program to waive penalties on income-tax deficiencies for taxable periods prior to December 31, 2010, where taxpayers make payments of the income-taxes owed.

The Department of the Attorney General, DOTAX, and the Tax Foundation of Hawaii commented on this bill.



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Your Committee has amended this measure by:

- Reducing the time period within which an assessment shall be deemed final in accordance with sections 235-108 and 237-36, Hawaii Revised Statutes, from 30 days to 20 days after service of the notice of assessment;
- (2) Changing its effective date to January 7, 2059, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 119, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 119, H.D. 1, and be referred to the Committee on Finance.

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

GILBERT KEITH-AG(RAN) Chair



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Record of Votes of the Committee on Judiciary

| Bill/Resolution No.: HB 119 | Committee Re | ferral: JVI |),PIN ^{Da} | te: 2/10/11 | |
|---|--------------|--------------|---------------------|-------------|--------------|
| 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) | | | | | |
| JUD Members | | Ayes | Ayes (WR) | Nays | Excused |
| 1. KEITH-AGARAN, Gilbert S.C. (C) | | ~ | | | |
| 2. RHOADS, Karl (VC) | | ~ | | | |
| 3. BROWER, Tom | | 5 | | | |
| 4. CABANILLA, Rida T.R. | | ~ | | | |
| 5. CARROLL, Mele | | | | | く |
| 6. HERKES, Robert N. | | | | | \checkmark |
| 7. ITO, Ken | | | | | ~ |
| 8. LUKE, Sylvia | | \checkmark | | | |
| 9. McKELVEY, Angus L.K. | | | | | \checkmark |
| 10. MORITA, Hermina M. | | \checkmark | | | |
| 11. OSHIRO, Blake K. | | <u> </u> | | | |
| 12. SOUKI, Joseph M. | | ~ | | | |
| 13. TSUJI, Clift | | \sim | | | |
| 14. FONTAINE, George R. | | V | | | |
| 15. MARUMOTO, Barbara C. | | <u>v</u> | | | |
| 16. THIELEN, Cynthia | | / | | | |
| | | | | | |
| | | | | | |
| TOTAL (16) | | 12 | 0 | 0 | 4 |
| The recommendation is: Adopted Not Adopted If joint referral, | | | | | |
| Vice Chair's or designee's signature: | | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | | |