

Honolulu, Hawaii 5, 2013 Ebn/axy

RE: H.B. No. 425 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 425 entitled:

"A BILL FOR AN ACT RELATING TO OFFERS IN COMPROMISE,"

begs leave to report as follows:

The purpose of this measure is to require offers in compromise that are submitted to the Department of Taxation to be accompanied by certain payments.

The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that an offer in compromise, if accepted by the Department of Taxation, is an agreement between a taxpayer and the Department of Taxation that settles the taxpayer's tax liabilities for less than the full amount owed. Under current administrative rules, each offer in compromise submitted to the Department of Taxation must be accompanied by a payment in the amount of the compromise, or a substantial deposit if the offer allows installment payments.

Your Committee also finds that this measure would codify the requirement that offers in compromise be accompanied by twenty per cent of the amount offered, in the case of a lump-sum offer in compromise, or the first installment, in the case of a periodic payment offer in compromise. Your Committee recognizes that these

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payment requirements are similar to those that apply to offers in compromise under the Internal Revenue Code.

Your Committee has amended this measure by making technical nonsubstantive amendments for the purposes of clarity 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. 425, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 425, H.D. 1, and be placed on the calendar for Third Reading.

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

SYLVIA LUKE, Chair



State of Hawaii House of Representatives The Twenty-seventh Legislature



## **Record of Votes of the Committee on Finance**

Bill/Resolution No.:	Committee Referral: Date:			
HB 425	FIN_		2/13/19	
□ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: D Pass, unamended (as is) Pass, with amendments (HD) D Hold				
Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)				
3. JOHANSON, Aaron Ling (VC)				
4. CULLEN, Ty J.K.	/			
5. HASHEM, Mark J.				
6. ING, Kaniela				
7. JORDAN, Jo				
8. KOBAYASHI, Bertrand				
9. LOWEN, Nicole E.				
10. MORIKAWA, Dee				
11. ONISHI, Richard H.K.				
12. TAKAYAMA, Gregg				
13. TOKIOKA, James Kunane				
14. WOODSON, Justin H.				
15. YAMASHITA, Kyle T.				
16. FUKUMOTO, Beth	/			
17. WARD, Gene				
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TOTAL (17)	1\$5			专2
The recommendation is:  Adopted  I Not Adopted    If joint referral,				
committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				