STAND. COM. REP. NO. 1400

Honolulu, Hawaii April 5, 2013 RE: S.B. No. 1187 S.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 S.B. No. 1187, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO DELINQUENT TAXES,"

begs leave to report as follows:

The purpose of this measure is to authorize the Department of Taxation to delete a delinquent tax account upon a finding of reasonable cause rather than requiring the Department to wait two years to delete the account.

Your Committee received testimony in support of this measure from the Department of Taxation. The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that state law currently requires the Department of Taxation to wait two years before determining that delinquent taxes are uncollectible and deleting the account. Your Committee believes that, by authorizing the Department to use a reasonableness standard rather than a fixed two-year time period, this measure will relieve the Department of the need to track small claims when the costs of collection, including employee time, will exceed any expected recovery.

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 S.B. No.



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1187, S.D. 1, and recommends that it pass Second Reading 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.: SB1187 SD1 | Committee Referral: FIN | | | |
|--|----------------------------|-----------|------------|----------|
| □ 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) | | | | |
| 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 | | | . <u> </u> | |
| 14. WOODSON, Justin H. | / | | | |
| 15. YAMASHITA, Kyle T. | | | | |
| 16. FUKUMOTO, Beth | | | | |
| 17. WARD, Gene | | | | |
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| TOTAL (17) | 17 | | | |
| The recommendation is: Adopted If joint referral, did not support recommendation. | | | | |
| Vice Chair's or designee's signature: | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |