STAND. COM. REP. NO. 1452

Honolulu, Hawaii

April 4 , 201

RE: S.B. No. 1197

S.D. 1 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 S.B. No. 1197, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF TAXATION SPECIAL ENFORCEMENT SECTION,"

begs leave to report as follows:

The purpose of this measure is to make permanent the Department of Taxation Special Enforcement Section.

The Department of Taxation submitted testimony in support of this measure. The Tax Foundation of Hawaii submitted comments on this measure.

Your Committee finds that the Department of Taxation Special Enforcement Section (Section) was established by Act 134, Session Laws of Hawaii 2009 (Act 134), which is scheduled to sunset on June 30, 2014. Since its establishment, the Section has generated approximately \$1,000,000 in tax revenue using a staff of only three employees. Your Committee finds that by educating small businesses on taxes and conducting investigations, the Section has brought over one hundred fifty taxpayers into tax compliance. Currently, an additional five hundred taxpayers have been identified as non-filers who require investigation. Your Committee believes that permanently establishing the Section will ensure that businesses and individuals are properly educated regarding tax compliance, facilitate the investigation of

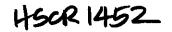
individuals and businesses who owe taxes, and result in increased state tax revenues.

Your Committee has amended this measure by making a technical nonsubstantive amendment for purposes of clarity and consistency.

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. 1197, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1197, S.D. 1, 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.: SB1197 SD1	Committee Referral: FIN	Date	: 03/14/13	
☐ The committee is reconsidering its previous	ious decision on the measure.	,		<u>.</u>
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				
14. WOODSON, Justin H.				
15. YAMASHITA, Kyle T.				
16. FUKUMOTO, Beth				
17. WARD, Gene				
TOTAL (17)	17			
The recommendation is: Adopted				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				