STAND. COM. REP. NO. 1478 -16

Honolulu, Hawaii , 2016 RE: S.B. No. 2923

S.D. 1

H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2923, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to bring clarity and consistency to the treatment of penalties and fines within Title 14, Hawaii Revised Statutes, and promote compliance with the tax laws of the State by:

- Clarifying that interest shall be imposed on all unpaid penalties and fines rather than only on penalties and fines that become part of the tax pursuant to statute;
- (2) Requiring that the chairperson of the applicable Board of Review to file a notice of transfer with the Tax Appeal Court when the board receives notice that a taxpayer elects to transfer a tax appeal to the Tax Appeal Court; and
- (3) Simplifying the rate of interest to be paid to taxpayers on funds held in the Litigated Claims Fund by plainly stating the applicable interest rate rather than referring to a formula computed with reference to the Internal Revenue Code.



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The Department of Taxation supported this measure. We Are One, Inc. and several individuals opposed this measure.

Your Committee has amended this measure by changing its effective date to July 1, 2030, to encourage further discussion. Technical nonsubstantive amendments were also made for clarity, consistency, 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 S.B. No. 2923, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2923, 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.



State of Hawaii House of Representatives The Twenty-eighth Legislature

Record of Votes of the Committee on Finance

| Bill/Resolution No.: SB2923 SD1 | Committee Referral: FIN | | Date: 03/22/16 | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------|---------|
| □ 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. CACHOLA, Romy M. | | | | |
| 4. CULLEN, Ty J.K. | | | | |
| 5. DeCOITE, Lynn | | | • | |
| 6. JOHANSON, Aaron Ling | | | | |
| 7. JORDAN, Jo | | | | |
| 8. KEOHOKALOLE, Jarrett | | | | |
| 9. KOBAYASHI, Bertrand | | | | |
| 10. LoPRESTI, Matthew S. | | | | |
| 11. LOWEN, Nicole E. | | | | |
| 12. ONISHI, Richard H.K. | | | | |
| 13. TOKIOKA, James Kunane | | | | |
| 14. YAMASHITA, Kyle T. | | | | |
| 15. POUHA, Feki | | | | |
| 16. WARD, Gene | | | | |
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| TOTAL (16) | 14 | | | 2 |
| 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 | | | | |