STAND. COM. REP. NO. 288

Honolulu, Hawaii

, 2021

FEB 17

RE: H.B. No. 1044 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2021 State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 1044 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the Department of Taxation to mandate the electronic filing for certain partnerships, S-corporations, and individual tax returns;
- (2) Require certain tax return preparers to file returns electronically;
- (3) Amend the requirements for filing and payment of taxes by electronic funds transfer;
- (4) Amend the penalty for failure to file electronically;
- (5) Remove the fee for certified copies of tax clearances;
- (6) Authorize the limited disclosure of liquor licensees' tax clearances; and

(7) Clarify the interest rate for payments made to taxpayers out of the Litigated Claims Fund.

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

Your Committee finds that electronic filing of tax returns improves accuracy, timeliness, and efficiency. This measure is intended to encourage increased usage of electronic filing by entities having the ability and sophistication to easily comply with electronic filing requirements. Additionally, this measure is intended to provide clarification by establishing fixed interest rates for payments made to taxpayers out of the Litigated Claims Fund.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to encourage further discussion; and
- Making technical, nonsubstantive amendments for the (2) purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1044, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1044, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Economic Development,

SEAN QUINLAN, Chair

State of Hawaii House of Representatives The Thirty-first Legislature HSCR 288

Record of Votes of the Committee on Economic Development

	Committee Referral:	Date:	0111-	,
HB 1044	ECD, FIN		2/10/2	-\
θ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: θ Pass, unamended (as is) θ Pass, with amendments (HD) θ Hold				
θ Pass short form bill with HD to recommit for future public hearing (recommit)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)				
2. HOLT, Daniel (VC)	√			
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3. BELATTI, Della Au				
4 VODAVACHI D-L 7				
4. KOBAYASHI, Dale T.				
5. ONISHI, Richard H.K.			end ist deetde oo boxoo dii s	
OTTOMES INCHMENTALISM				
6. SAYAMA, Jackson D.			astal balassassasją iš vidda- vid	
	Y			
7. TAKAYAMA, Gregg		100 00 00 00 00 00	and the second s	
8. OKIMOTO, Val				
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TOTAL (8)	8	0	Ü	\mathcal{O}
The recommendation is: Adopted Not Adopted did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				