

STAND. COM. REP. NO. **2189**

Honolulu, Hawaii

FEB 08 2024

RE: S.B. No. 3174
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 3174 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Eliminate an obsolete fee for a certified copy of a tax clearance;
- (2) Add a penalty for failure to comply with reporting requirements under general excise tax law and transient accommodations tax law for collection of rent by a third party; and
- (3) Raise the unfair competition penalty under the general excise tax law to adjust for inflation.

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 under existing law, every person authorized to collect rent on behalf of an owner of real property



in the State is required to provide the Department of Taxation with the name, address, social security number, general excise tax license number, and transient accommodations tax registration number of the owner within thirty days after entering into an agreement, or in the alternative, must provide the Department with a copy of federal form 1099 at the same time the form must be filed with the Internal Revenue Service. However, there is no penalty for a taxpayer's failure to comply with these requirements. This measure adds an enforcement mechanism that will help the Department of Taxation promote tax compliance and uphold the State's tax laws.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3174, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



