STAND. COM. REP. NO. 2

Honolulu, Hawaii

MAR 0 1 2024

RE: S.B. No. 3176 S.D. 1

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

Sir:

Your Committees on Ways and Means and Judiciary, to which was referred S.B. No. 3176 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to improve the enforcement of tax laws in the State.

More specifically, this measure:

- (1) Provides deadlines for taxpayers under audit to comply with demands to produce documents and evidence; and
- (2) Authorizes the tax appeal court to preclude documents or information not produced pursuant to a demand from being introduced in evidence in a tax appeal or action under section 40-35, Hawaii Revised Statutes, unless the failure was due to reasonable cause.

Your Committees received testimony in support of this measure from the Department of Taxation.

Your Committees received testimony in opposition to this measure from one individual.



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Your Committees received comments on this measure from the Tax Foundation of Hawaii.

Your Committees find that, under current state law, taxpayers are required to maintain account and transaction records and permit the Department of Taxation to examine those records. Taxpayers under audit are also subject to criminal penalties for willfully failing to supply information requested by the Department. However, there is presently no statutory deadline for taxpayers to comply with requests for information and documents made by the Department.

Your Committees have amended this measure by:

- Changing the deadline to comply with information and document requests from "twenty days" to "thirty business days"; and
- (2) Specifying the taxable years and taxable transactions to which the measure applies.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3176, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3176, S.D. 1, and be placed on the calendar for Third Reading.

KARL RHOADS, Chair

Respectfully submitted on behalf of the members of the Committees on Ways and Means and Judiciary,

DÔNOVAN M. DELA CRUZ, CH



The Senate Thirty-Second Legislature State of Hawaiʻi

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral:		Da	Date:			
SB 3176	WAM/JOC			2122/2024			
The Committee is reconsidering its previous decision on this measure.							
If so, then the previous decision was to:							
The Recommendation is:							
Pass, unamended X Pass, with amendments Hold Recommit 2312 2311 2310 2313							
Members		Aye	Aye (WR)	Nay	Excused		
DELA CRUZ, Donovan M. (C)		\overline{X}					
MORIWAKI, Sharon Y. (VC)		X					
AQUINO, Henry J.C.		×					
DECOITE, Lynn		1/2		F			
HASHIMOTO, Troy N.		X		· · · ·			
INOUYE, Lorraine R.		X					
KANUHA, Dru Mamo		X					
KIDANI, Michelle N.		X					
KIM, Donna Mercado		×					
LEE, Chris		X					
SHIMABUKURO, Maile S.L.		X					
WAKAI, Glenn		X					
FEVELLA, Kurt		_	X		* -82		
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TOTAL		12	l_ l	$\square D$	D		
Recommendation:							
Chair's or Designee's Signature:							
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy							

*Only <u>one</u> measure per Record of Votes

The Senate Thirty-Second Legislature State of Hawaiʻi

Record of Votes Committee on Judiciary JDC

Bill / Resolution No.:*	Committee Referral:		Da	Date:			
SB3176	WAM	JDC	02	2 22 2	4		
The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:							
The Recommendation is:							
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313							
Members	- Mart 40 - 10 -	Ауе	Aye (WR)	Nay	Excused		
RHOADS, Karl (C)							
GABBARD, Mike (VC)							
ELEFANTE, Brandon J.C.		V					
SAN BUENAVENTURA, Joy A	λ.			V			
AWA, Brenton				V			
							
	· · · · ·						
TOTAL	/	3		2			
Recommendation: Adopted Not Adopted							
Chair's or Designed's Signature:							
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy							

*Only <u>one</u> measure	per	Record	of	Votes
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