STAND. COM. REP. NO. **70** -24

Honolulu, Hawaii

FEB 1 3

RE: H.B. No. 2486 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 2486 entitled:

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

begs leave to report as follows:

The purpose of this measure is to authorize the Department of Taxation to serve administrative subpoenas outside the State.

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 the number of taxpayers who engage in business in the State, and who are therefore subject to state taxes, but who do not have a physical presence in the State or do not maintain a location for service of process in the State, has increased in recent years. Despite the Department of Taxation's authority to conduct an audit or investigation into any delinquent tax, the Department has encountered challenges with serving administrative subpoenas on out-of-state taxpayers who engage in business in the State. This measure will allow the Department to serve an administrative subpoena within and outside the State and serve as a key tool in helping the Department enforce tax laws and hold out-of-state taxpayers accountable for meeting their tax obligations.

2024-1248 HB2486 HD1 HSCR HMSO

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Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2486, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2486, H.D. 1, and be referred to your Committee on Finance.

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Respectfully submitted on behalf of the members of the Committee on Judiciary & Hawaiian Affairs,

DAVID A. TARNAS, Chair

State of Hawaii

House of Representatives The Thirty-second Legislature

Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HBZ48		e Referral: JHA, FI	N Date	2-10-	24
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) 					
JHA Members		Ayes	Ayes (WR)	Nays	Excused
1. TARNAS, David A. (C	C)				
2. TAKAYAMA, Gregg	(VC)				
3. EVSLIN, Luke A.					
4. GANADEN, Sonny					
4. GARADER, Soliny					
5. HOLT, Daniel					
6. ICHIYAMA, Linda				<u></u>	
7. ILAGAN, Greggor					
8. KONG, Sam Satoru					
9. MIYAKE, Tyson K.					
10. SOUZA, Kanani					
		9			
TOTAL (10)		٦			l
The recommendation is:	Adopted If joint referral,	Not Adopted	did not suppo	rt recommendation.	
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					

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