

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 2382
S.D. 2

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2382, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to expand the Department of Taxation's performance-based contract capabilities to create revenue-generating initiatives.

Performance-based contracting means the hiring of a vendor who is paid for a service only if the vendor achieves the agreed upon objectives of the contract.

Your Committee finds that Act 273, Session Laws of Hawaii 1996, authorized the Department of Taxation to execute a performance-based contract to acquire the integrated tax information management system. The system, which essentially modernized the Department's computer capabilities, proved very successful and increased state revenues by more than \$252,000,000 during its first five years.

This bill would authorize the Department of Taxation to continue utilizing performance-based contracting to achieve additional technological initiatives to accomplish the following:

- (1) Expand the Department's capabilities to identify areas of tax noncompliance;




- (2) Improve collections of outstanding tax liabilities;
- (3) Expand the Department's capacity to process more tax returns;
- (4) Enhance the Department's ability to utilize federal tax information; and
- (5) Improve the Department's customer service capabilities to enhance taxpayer compliance with Hawaii tax law.

Your Committee has amended the bill by:

- (1) Conforming sections 36-27(27) and 237-31(3), Hawaii Revised Statutes, to the printed text of the Hawaii Revised Statutes;
- (2) Formally repealing the now obsolete section 231-3.2, Hawaii Revised Statutes, which relates to the integrated tax information management systems but was repealed by operation of law on July 1, 2005, and renumbering the bill's section numbers accordingly; and
- (3) Making technical nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2382, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2382, S.D. 2.


Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


BRIAN T. TANIGUCHI, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Ways and Means
(Bills and Resolutions)

Measure:* SB 2382 SD1	Committee Referral: MAT, WAM	Date: 2/23/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani				/
ESPERO, Will	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUE, Lorraine R.				/
KANNO, Brian	/			
KIM, Donna Mercado	/			
KOKUBUN, Russell S.				/
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman				/
HEMMINGS, Fred	/			
SLOM, Sam			/	
TRIMBLE, Gordon			/	
TOTAL	9	0	2	4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Do not list more than one measure per Record of Votes.