

STAND. COM. REP. NO.

2598

Honolulu, Hawaii

FEB 28 2008

RE: S.B. No. 2838

S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2838, 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 allow a taxpayer's state income tax refund to be electronically deposited in a maximum of three checking or savings accounts.

Your Committee received testimony in support of this measure from the Hawaii Alliance for Community-Based Economic Development. Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that refund splitting, or the practice of splitting tax refund amounts electronically, provides a convenient opportunity for taxpayers to save refunded tax dollars and to implement long-term asset goals. This measure also follows the Internal Revenue Code model and provides a convenience that taxpayers can enjoy at both the federal and state levels. Your Committee believes that the Department of Transportation has sufficient current resources to accommodate the requirements of this measure.

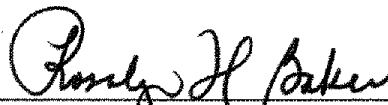
Your Committee has amended the measure by:



- (1) Deleting references to the Department "revising" tax returns, which implies that the Department of Taxation may alter the contents of tax returns;
- (2) Allowing refund splitting only with respect to accounts for which an electronic refund request has been received at the federal level; and
- (3) Making technical amendments that have no substantive effect.

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. 2838, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2838, S.D. 2.

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



ROSALYN H. BAKER, Chair



