

STAND. COM. REP. NO.

2854

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 3115
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. 3115, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to improve the Department of Taxation's collection capabilities through the efficient allocation of resources and simplified taxpayer filings.

Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that only twenty-seven per cent of all individual income tax returns are filed electronically. Also, business returns require the manual processing of ninety-six per cent of the over 1,500,000 business returns filed. Manual filings can result in the Department receiving as much as a ton of mail a day.

Your Committee further finds that other states that require electronic filing have experienced higher growth rates, improved taxpayer services, reduced operating costs (e.g., electronic payments, online account access, electronic forms and instructions), and increased their collections without undue burden to taxpayers.



By requiring certain taxpayers to file electronically, enhancing electronic filing services, and improving and funding integrated tax services, your Committee finds that this measure provides the means to improve the administration and efficiency of taxpayer services and collections provided by the Department.

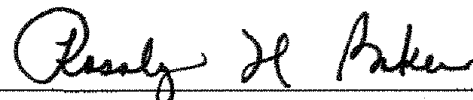
Your Committee notes that the October 1, 2008, contract execution deadline under section 9 of the measure is intended to facilitate the Department's ability to pay back the general fund "advance" for fiscal year 2008-2009, prior to the end of the fiscal year.

Your Committee has amended the measure by:

- (1) Amending section 237-31, Hawaii Revised Statutes, to conform the section to the text of the Hawaii Revised Statutes;
- (2) Including the Streamlined Sales Tax Project and related software upgrading in performance based contracts executed by the Department of Taxation;
- (3) Rephrasing the effective date section to ensure that the amendment made to section 237-31, Hawaii Revised Statutes, is exempt from a repeal and reenactment condition in Act 304, Session Laws of Hawaii 2006; and
- (4) 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. 3115, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3115, S.D. 2.

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



ROSALYN H. BAKER, Chair



