
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Act 355, Session
2 Laws of Hawaii 1997, authorized the governor to convert the
3 State of Hawaii payroll payment basis from predicted payroll to
4 after-the-fact payroll commencing with the June 30, 1998, pay
5 day in fiscal year 1997-1998, which was delayed to July 1, 1998,
6 in fiscal year 1998-1999. That "payroll lag" measure delayed
7 state expenditures to generate a one-time windfall savings of
8 approximately \$51,500,000.

9 The legislature further finds that advancing the filing and
10 payment of monthly, quarterly, and semi-annual general excise
11 taxes due, from the last calendar day of the month following the
12 month, quarter, or half-year in which taxes accrue to the
13 twentieth day of that month, quarter, or half-year will generate
14 a one-time estimated revenue of \$75,000,000 to \$100,000,000 in a
15 way analogous to the effect of the payroll lag measure, but in
16 reverse fashion, by advancing receipt of revenues within one
17 fiscal year.



1 The purpose of this Act is to:

2 (1) Advance the filing and payment of monthly, quarterly,
3 and semi-annual general excise taxes due to an earlier
4 date to generate a one-time windfall revenue for the
5 State;

6 (2) Require any person who is required to electronically
7 file or remit a federal return or taxes to also
8 electronically file and remit a state return of all
9 state taxes to the department of taxation; and

10 (3) Require any employer who is required to remit any
11 withheld taxes to the federal government on a semi-
12 weekly schedule, to also remit the complete amount of
13 tax withheld to the department of taxation on a semi-
14 weekly schedule.

15 SECTION 2. Section 231-9.9, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "§231-9.9 [~~Payment~~] Filing and payment of taxes by
18 electronic funds transfer. (a) The director of taxation is
19 authorized to require every person whose tax liability for any
20 one taxable year exceeds \$100,000 and who files a tax return for
21 any tax, including consolidated filers, to remit taxes by one of
22 the means of electronic funds transfer approved by the



1 department; provided that for withholding taxes under section
2 235-62, electronic funds transfers shall apply to annual tax
3 liabilities that exceed \$40,000. Notwithstanding the tax
4 liability thresholds in this subsection, the director of
5 taxation is authorized to require any person who is required to
6 electronically file a federal return or electronically remit any
7 federal taxes to the federal government, to electronically file
8 a state return and electronically remit any state taxes under
9 title 14 to the department. The director is authorized to grant
10 an exemption to the electronic filing and payment requirements
11 for good cause.

12 (b) Any person who files a tax return for any tax and is
13 not required by subsection (a) to remit taxes by means of
14 electronic funds transfer may elect to remit taxes by one of the
15 means of electronic funds transfer approved by the department
16 with the approval of the director of taxation.

17 (c) If a person who is required under subsection (a) to
18 file a return electronically or remit taxes by one of the means
19 of electronic funds transfer approved by the department fails to
20 file electronically or to remit the taxes using an approved
21 method on or before the date prescribed therefor, unless it is
22 shown that the failure is due to reasonable cause and not to



1 neglect, there shall be added to the tax required to be so
2 remitted a penalty of two per cent of the amount of the tax.
3 The penalty under this subsection is in addition to any penalty
4 set forth in section 231-39.

5 (d) No later than twenty days prior to the convening of
6 each regular session, the department shall submit a report to
7 the legislature containing:

8 (1) The number of taxpayers who were assessed the two per
9 cent penalty pursuant to subsection (c);

10 (2) The amounts of each assessment; and

11 (3) The total amount of assessments collected for the
12 previous year."

13 SECTION 3. Section 235-62, Hawaii Revised Statutes, is
14 amended by amending subsection (c) to read as follows:

15 "(c) Every return required under this section shall be
16 accompanied by a remission of the complete amount of tax
17 withheld, as reported in the return; provided that each employer
18 whose liability for taxes withheld exceeds \$40,000 annually
19 shall remit the complete amount of tax withheld on a semi-weekly
20 schedule. Notwithstanding the tax liability threshold in this
21 subsection, the director of taxation is authorized to require
22 any employer who is required to remit any withheld taxes to the



1 federal government on a semi-weekly schedule, to remit the
2 complete amount of tax withheld to the department on a semi-
3 weekly schedule. The director of taxation may grant an
4 exemption to the requirement to remit the complete amount of tax
5 withheld on a semi-weekly schedule for good cause."

6 SECTION 4. Section 237-30, Hawaii Revised Statutes, is
7 amended by amending subsections (a) and (b) to read as follows:

8 "(a) The taxes levied hereunder shall be payable in
9 monthly installments on or before the [~~last~~] twentieth day of
10 the calendar month following the month in which they accrue.
11 The taxpayer [~~shall~~], on or before the [~~last~~] twentieth day of
12 the calendar month following the month in which the taxes
13 accrue, shall make out and sign a return of the installment of
14 tax for which the taxpayer is liable for the preceding month and
15 transmit the same, together with a remittance, in the form
16 required by section 237-31, for the amount of the tax, to the
17 office of the department of taxation in the appropriate district
18 hereinafter designated.

19 (b) Notwithstanding subsection (a), the director of
20 taxation, for good cause, may permit a taxpayer to file the
21 taxpayer's return required under this section and make payments
22 thereon:



- 1 (1) On a quarterly basis during the calendar or fiscal
2 year, the return and payment to be made on or before
3 the [~~last~~] twentieth day of the calendar month after
4 the close of each quarter, to wit: for calendar year
5 taxpayers, on or before April [~~30~~] 20, July [~~31~~] 20,
6 October [~~31~~] 20, and January [~~31~~] 20 or, for fiscal
7 year taxpayers, on or before the [~~last~~] twentieth day
8 of the fourth month, seventh month, and tenth month
9 following the beginning of the fiscal year and on or
10 before the [~~last~~] twentieth day of the month following
11 the close of the fiscal year; provided that the
12 director is satisfied that the grant of the permit
13 will not unduly jeopardize the collection of the taxes
14 due thereon and the taxpayer's total tax liability for
15 the calendar or fiscal year under this chapter will
16 not exceed \$4,000; or
- 17 (2) On a semiannual basis during the calendar or fiscal
18 year, the return and payment to be made on or before
19 the [~~last~~] twentieth day of the calendar month after
20 the close of each six-month period, to wit: for
21 calendar year taxpayers, on July [~~31~~] 20 and January
22 [~~31~~] 20 or, for fiscal year taxpayers, on or before



1 the [~~last~~] twentieth day of the seventh month
2 following the beginning of the fiscal year and on or
3 before the last day of the month following the close
4 of the fiscal year; provided that the director is
5 satisfied that the grant of the permit will not unduly
6 jeopardize the collection of the taxes due thereon and
7 the taxpayer's total tax liability for the calendar or
8 fiscal year under this chapter will not exceed \$2,000.

9 The director, for good cause, may permit a taxpayer to make
10 monthly payments based on the taxpayer's estimated quarterly or
11 semiannual liability, provided the taxpayer files a
12 reconciliation return at the end of each quarter or at the end
13 of each six-month period during the calendar or fiscal year, as
14 provided in this section."

15 SECTION 5. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 6. This Act, upon approval, shall apply to returns
18 and payments due after May 31, 2009.



Report Title:

General Excise Tax, Earlier Monthly Filing; Tax Returns,
Electronic Filing; Withheld Taxes; Semi-weekly Schedule

Description:

Advances date of filing of monthly, quarterly, and semi-annual general excise tax returns from the last day of the calendar, quarterly, or semi-annual month to the 20th day. Requires any person required to electronically file or remit a federal return or taxes to also electronically file and remit a state return of all state taxes to the department of taxation. Requires any employer required to remit any withheld taxes to the federal government on a semi-weekly schedule, to also remit the complete amount of tax withheld to the department of taxation on a semi-weekly schedule. (SB1461 CD1)

