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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

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

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



1 reverse fashion, by advancing receipt of revenues within one  
2 fiscal year.

3 The purpose of this Act is to:

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

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

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

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

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



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

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

19 (c) If a person who is required under subsection (a) to  
20 file a return electronically or remit taxes by one of the means  
21 of electronic funds transfer approved by the department fails to  
22 file electronically or to remit the taxes using an approved



1 method on or before the date prescribed therefor, unless it is  
2 shown that the failure is due to reasonable cause and not to  
3 neglect, there shall be added to the tax required to be so  
4 remitted a penalty of two per cent of the amount of the tax.

5 The penalty under this subsection is in addition to any penalty  
6 set forth in section 231-39.

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

- 10 (1) The number of taxpayers who were assessed the two per
- 11 cent penalty pursuant to subsection (c);
- 12 (2) The amounts of each assessment; and
- 13 (3) The total amount of assessments collected for the
- 14 previous year."

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

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



1 subsection, the director of taxation is authorized to require  
2 any employer who is required to remit any withheld taxes to the  
3 federal government on a semi-weekly schedule, to remit the  
4 complete amount of tax withheld to the department on a semi-  
5 weekly schedule. The director of taxation may grant an  
6 exemption to the requirement to remit the complete amount of tax  
7 withheld on a semi-weekly schedule for good cause."

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

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

21 (b) Notwithstanding subsection (a), the director of  
22 taxation, for good cause, may permit a taxpayer to file the



1 taxpayer's return required under this section and make payments  
2 thereon:

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

19 (2) On a semiannual basis during the calendar or fiscal  
20 year, the return and payment to be made on or before  
21 the [~~last~~] twentieth day of the calendar month after  
22 the close of each six-month period, to wit: for



1 calendar year taxpayers, on July [~~31~~] 20 and January  
 2 [~~31~~] 20 or, for fiscal year taxpayers, on or before  
 3 the [~~last~~] twentieth day of the seventh month  
 4 following the beginning of the fiscal year and on or  
 5 before the last day of the month following the close  
 6 of the fiscal year; provided that the director is  
 7 satisfied that the grant of the permit will not unduly  
 8 jeopardize the collection of the taxes due thereon and  
 9 the taxpayer's total tax liability for the calendar or  
 10 fiscal year under this chapter will not exceed \$2,000.

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

17 PART II

18 SECTION 5. Act 239, Session Laws of Hawaii 2007, is  
 19 amended by amending section 4 to read as follows:

20 "SECTION 4. This Act shall take effect on January 1, 2008;  
 21 provided that this Act shall be repealed on December 31, [~~2009,~~  
 22 2010, and section 237-24.3, Hawaii Revised Statutes, and section



1 237-24.7, Hawaii Revised Statutes, shall be reenacted in the  
2 form in which they read on December 31, 2007."

3 SECTION 6. The aggregate tax exemption from the amendment  
4 in Act 239, Session Laws of Hawaii 2007, shall not exceed  
5 \$400,000 per taxable year ending on or between January 1, 2010  
6 and January 1, 2011.

7 PART III

8 SECTION 7. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 8. This Act, upon its approval, shall apply to  
11 returns and payments due after May 31, 2009; provided that part  
12 II of this Act shall take effect upon approval.





**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 20<sup>th</sup> 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. Extends the tax exemption under Act 239, Session Laws of Hawaii 2007 one year to December 31, 2010.  
(CD2)

