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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Section 231-9.9, Hawaii Revised Statutes, is  
2 amended to read as follows:  
3           "**§231-9.9** [~~Payment~~] Filing and payment of taxes by  
4 **electronic funds transfer.** (a) The director of taxation is  
5 authorized to require every person whose tax liability for any  
6 one taxable year exceeds \$100,000 and who files a tax return for  
7 any tax, including consolidated filers, to remit taxes by one of  
8 the means of electronic funds transfer approved by the  
9 department; provided that for withholding taxes under section  
10 235-62, electronic funds transfers shall apply to annual tax  
11 liabilities that exceed \$40,000. Notwithstanding the tax  
12 liability threshold of \$100,000 in this subsection, the director  
13 of taxation is authorized to require any person who is required  
14 to electronically file a federal return and electronically remit  
15 any federal taxes to the federal government, to electronically  
16 file a state return and electronically remit any state taxes  
17 under title 14 to the department. The director is authorized to

1 grant an exemption to the electronic filing and payment  
2 requirements for good cause.

3 (b) Any person who files a tax return for any tax and is  
4 not required by subsection (a) to remit taxes by means of  
5 electronic funds transfer may elect to remit taxes by one of the  
6 means of electronic funds transfer approved by the department  
7 with the approval of the director of taxation.

8 (c) If a person who is required under subsection (a) to  
9 file a return electronically and remit taxes by one of the means  
10 of electronic funds transfer approved by the department fails to  
11 file electronically and to remit the taxes using an approved  
12 method on or before the date prescribed therefor, unless it is  
13 shown that the failure is due to reasonable cause and not to  
14 neglect, there shall be added to the tax required to be so  
15 remitted a penalty of two per cent of the amount of the tax.  
16 The penalty under this subsection is in addition to any penalty  
17 set forth in section 231-39.

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

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

- 1           (2) The amounts of each assessment; and
- 2           (3) The total amount of assessments collected for the
- 3                 previous year."

4           SECTION 2. Section 237-30, Hawaii Revised Statutes, is  
5 amended to read as follows:

6           "**§237-30 Monthly, quarterly, or semiannual return,**  
7 **computation of tax, payment.** (a) The taxes levied hereunder  
8 shall be payable in monthly installments on or before the [~~last~~  
9 fifteenth day of the calendar month following the month in which  
10 they accrue. The taxpayer shall, on or before the last day of  
11 the calendar month following the month in which the taxes  
12 accrue, make out and sign a return of the installment of tax for  
13 which the taxpayer is liable for the preceding month and  
14 transmit the same, together with a remittance, in the form  
15 required by section 237-31, for the amount of the tax, to the  
16 office of the department of taxation in the appropriate district  
17 hereinafter designated.

18           (b) Notwithstanding subsection (a), the director of  
19 taxation, for good cause, may permit a taxpayer to file the  
20 taxpayer's return required under this section and make payments  
21 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~~] fifteenth day of the calendar month after  
4           the close of each quarter, to wit: for calendar year  
5           taxpayers, on or before April [~~30~~] 15, July [~~31~~] 15,  
6           October [~~31~~] 15, and January [~~31~~] 15 or, for fiscal  
7           year taxpayers, on or before the [~~last~~] fifteenth 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~~] fifteenth 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~~] fifteenth day of the calendar month after  
20          the close of each six-month period, to wit: for  
21          calendar year taxpayers, on July [~~31~~] 15 and January  
22          [~~31~~] 15 or, for fiscal year taxpayers, on or before

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

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

16           (c) If a taxpayer filing the taxpayer's return on a  
17           quarterly or semiannual basis, as provided in this section,  
18           becomes delinquent in either the filing of the taxpayer's return  
19           or the payment of the taxes due thereon, or if the liability of  
20           a taxpayer, who possesses a permit to file the taxpayer's return  
21           and to make payments on a semiannual basis exceeds [~~\$2,000~~]  
22           \$ \_\_\_\_\_ in general excise taxes during the calendar year or

1 exceeds [~~\$4,000~~] \$ \_\_\_\_\_ in general excise taxes during the  
2 calendar year if making payments on a quarterly basis, or if the  
3 director determines that any such quarterly or semiannual filing  
4 of return would unduly jeopardize the proper administration of  
5 this chapter, including the assessment or collection of the  
6 general excise tax, the director [~~may~~], at any time, may revoke  
7 a taxpayer's permit, in which case the taxpayer will then be  
8 required to file the taxpayer's return and make payments thereon  
9 as herein provided in subsection (a).

10 (d) The director may adopt [~~and promulgate~~] rules [~~and~~  
11 ~~regulations~~] in accordance with chapter 91 to carry out the  
12 purposes of this section.

13 (e) Section 232-2 does not apply to a monthly return."

14 SECTION 3. Section 237D-6, Hawaii Revised Statutes, is  
15 amended by amending subsection (a) and (b) to read as follows:

16 "(a) On or before the [~~last~~] fifteenth day of each  
17 calendar month, every operator taxable, or plan manager liable  
18 under this chapter during the preceding calendar month shall  
19 file a sworn return with the director in such form as the  
20 director shall prescribe together with a remittance for the  
21 amount of the tax in the form required by section 237D-6.5.

22 Sections 237-30 and 237-32 shall apply to returns and penalties

1 made under this chapter to the same extent as if the sections  
2 were set forth specifically in this section.

3 (b) Notwithstanding subsection (a), the director of  
4 taxation, for good cause, may permit a taxpayer to file the  
5 taxpayer's return required under this section and make payments  
6 thereon:

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

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

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



1 SECTION 4. Section 237D-7, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "**§237D-7 Annual return.** On or before the [~~twentieth~~  
4 fifteenth day of the fourth month following the close of the  
5 taxable year, every person who has become liable for the payment  
6 of the taxes under this chapter during the preceding tax year  
7 shall file a return summarizing that person's liability under  
8 this chapter for the year, in such form as the director  
9 prescribes. The operator or plan manager shall transmit with  
10 the return a remittance covering the residue of the tax  
11 chargeable to the operator or plan manager, if any, to the  
12 office of the appropriate state district tax assessor designated  
13 in section 237D-8. The return shall be signed by the taxpayer,  
14 if made by an individual, or by the president, vice-president,  
15 secretary, or treasurer of a corporation, if made on behalf of a  
16 corporation. If made on behalf of a partnership, firm, society,  
17 unincorporated association, group, hui, joint adventure, joint  
18 stock company, corporation, trust estate, decedent's estate,  
19 trust, or other entity, any individual delegated by the entity  
20 shall sign the same on behalf of the taxpayer. If for any  
21 reason it is not practicable for the individual taxpayer to sign  
22 the return, it may be done by any duly authorized agent. The

1 department, for good cause shown, may extend the time for making  
2 the return on the application of any taxpayer and grant such  
3 reasonable additional time within which to make the return as  
4 the department may deem advisable.

5 Section 232-2 applies to the annual return, but not to a  
6 monthly return."

7 SECTION 5. Section 237D-8.6, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 **"§237D-8.6 Reconciliation; form requirement.** (a) On or  
10 before the [~~twentieth~~] fifteenth day of the fourth month  
11 following the close of the taxable year, every person who has  
12 become liable for the payment of taxes under this chapter during  
13 the preceding taxable year and who has furnished transient  
14 accommodations which were exempt, for any portion of the taxable  
15 year, from the tax imposed under this chapter, shall file a  
16 reconciliation for transient accommodations as prescribed by the  
17 director indicating the amount of gross income that was subject  
18 to such tax and the amount that was subject to the general  
19 excise tax imposed under chapter 237.

20 (b) On or before the [~~twentieth~~] fifteenth day of the  
21 fourth month following the close of the taxable year, every plan  
22 manager who has become liable for the payment of taxes under

1 this chapter during the preceding taxable year shall file a  
2 reconciliation indicating the period of time that the owner of a  
3 resort time share vacation unit was subject to the general  
4 excise tax or the tax under section 237D-2(a)."

5 SECTION 6. Section 243-10, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§243-10 Statements and payments.** Each distributor and  
8 each person subject to section 243-4(b), on or before the [~~last~~]  
9 fifteenth day of each calendar month, shall file with the  
10 director of taxation, on forms prescribed, prepared, and  
11 furnished by the director, a statement, authenticated as  
12 provided in section 231-15, showing separately for each county  
13 and for the island of Lanai and the island of Molokai within  
14 which and whereon fuel is sold or used during each preceding  
15 month of the calendar year, the following:

16 (1) The total number of gallons of fuel refined,  
17 manufactured, or compounded by the distributor or  
18 person within the State and sold or used by the  
19 distributor or person, and if for ultimate use in  
20 another county or on either island, the name of that  
21 county or island;

- 1           (2) The total number of gallons of fuel acquired by the  
2           distributor or person during the month from persons  
3           not subject to the tax on the transaction or only  
4           subject to tax thereon at the rate of 1 cent per  
5           gallon, as the case may be, and sold or used by the  
6           distributor or person, and if for ultimate use in  
7           another county or on either island, the name of that  
8           county or island;
- 9           (3) The total number of gallons of fuel sold by the  
10          distributor or person to the United States or any  
11          department or agency thereof, or to any other person  
12          or entity, or used in any manner, the effect of which  
13          sale or use is to exempt the fuel from the tax imposed  
14          by this chapter;
- 15          (4) Additional information relative to the acquisition,  
16          purchase, manufacture, or importation into the State,  
17          and the sale, use, or other disposition, of diesel oil  
18          by the distributor or person during the month, as the  
19          department of taxation by rule shall prescribe.

20           At the time of submitting the foregoing report to the  
21   department, each distributor and person shall pay the tax on  
22   each gallon of fuel (including diesel oil) sold or used by the

1 distributor or person in each county and on the island of Lanai  
2 and the island of Molokai during the preceding month, as shown  
3 by the statement and required by this chapter; provided that the  
4 tax shall not apply to any fuel exempted and so long as the same  
5 is exempted from the imposition of the tax by the Constitution  
6 or laws of the United States; and the tax shall be paid only  
7 once upon the same fuel; provided further that a licensed  
8 distributor shall be entitled, in computing the tax the licensed  
9 distributor is required to pay, to deduct from the gallons of  
10 fuel reported for the month for each county or for the island of  
11 Lanai or the island of Molokai, as the case may be, one gallon  
12 for each ninety-nine gallons of like liquid fuel sold by retail  
13 dealers in that county or on that island during the month, as  
14 shown by certificates furnished by the retail dealers to the  
15 distributor and attached to the distributor's report. All taxes  
16 payable for any month shall be delinquent after the expiration  
17 of the [~~last~~] fifteenth day of the following month.

18       Statements filed under this section concerning the number  
19 of gallons of fuel refined, manufactured, compounded, imported,  
20 sold or used by the distributor or person are public records. "

21       SECTION 7. Section 245-5, Hawaii Revised Statutes, is  
22 amended to read as follows:

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1           "**§245-5 Returns.** Every wholesaler or dealer, on or before  
2 the [~~last~~] fifteenth day of each month, shall file with the  
3 department a return showing the cigarettes and tobacco products  
4 sold, possessed, or used by the wholesaler or dealer during the  
5 preceding calendar month and of the taxes chargeable against the  
6 taxpayer in accordance with this chapter. The form of the  
7 return shall be prescribed by the department and shall include:

- 8           (1) A separate statement of the number and wholesale price  
9           of cigarettes;  
10          (2) The amount of stamps purchased and used;  
11          (3) The wholesale price of tobacco products, sold,  
12           possessed, or used; and  
13          (4) Any other information that the department may deem  
14           necessary, for the proper administration of this  
15           chapter."

16           SECTION 8. Section 245-28, Hawaii Revised Statutes, is  
17 amended to read as follows:

18           "**[+]§245-28[+]** **Time for payment of deferred-payment**  
19 **purchases; manner of payment.** Amounts owing for stamps  
20 purchased on the deferred-payment basis in any calendar month  
21 shall be due and payable on or before the [~~last~~] fifteenth day

1 of the following calendar month. Payment shall be made by a  
2 remittance payable to the department."

3 SECTION 9. Section 245-31, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "[+]§245-31[+] **Monthly report on distributions of**  
6 **cigarettes and tobacco products, and purchases of stamps.** (a)

7 On or before the [~~last~~] fifteenth day of each month, every  
8 licensee shall file on forms prescribed by the department:

- 9 (1) A report of the licensee's distributions of cigarettes  
10 and purchases of stamps during the preceding month;  
11 and  
12 (2) Any other information that the department may require  
13 to carry out this part.

14 (b) On or before the [~~last~~] fifteenth day of each month,  
15 every licensee shall file on forms prescribed by the department:

- 16 (1) A report of the licensee's distributions of tobacco  
17 products and the wholesale costs of tobacco products  
18 during the preceding month; and  
19 (2) Any other information that the department may require  
20 to carry out this part."

21 SECTION 10. Section 251-4, Hawaii Revised Statutes, is  
22 amended by amending subsections (a) and (b) to read as follows:

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1           "(a) On or before the [~~last~~] fifteenth day of each  
2 calendar month, every person taxable under this chapter during  
3 the preceding calendar month shall file a sworn return with the  
4 director in such form as the director shall prescribe together  
5 with a remittance for the amount of the surcharge tax in the  
6 form required by section 251-5. Sections 237-30 and 237-32  
7 shall apply to returns and penalties made under this chapter to  
8 the same extent as if the sections were set forth specifically  
9 in this section.

10           (b) Notwithstanding subsection (a), the director, for good  
11 cause, may permit a person to file the person's return required  
12 under this section and make payments thereon:

13           (1) On a quarterly basis during the calendar or fiscal  
14 year, the return and payment to be made on or before  
15 the [~~last~~] fifteenth day of the calendar month after  
16 the close of each quarter, to wit: for calendar year  
17 taxpayers, on or before April [~~30~~] 15, July [~~31~~] 15,  
18 October [~~31~~] 15, and January [~~31~~] 15 or, for fiscal  
19 year taxpayers, on or before the [~~last~~] fifteenth day  
20 of the fourth month, seventh month, and tenth month  
21 following the beginning of the fiscal year and on or  
22 before the [~~last~~] fifteenth day of the month following



1 the close of the fiscal year; provided that the  
2 director is satisfied that the grant of the permit  
3 will not unduly jeopardize the collection of the  
4 surcharge taxes due thereon and that the person's  
5 total surcharge tax liability for the calendar or  
6 fiscal year under this chapter will not exceed \$4,000;  
7 or

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

1           The director, for good cause, may permit a person to make  
2 monthly payments based on the person's estimated quarterly or  
3 semiannual liability; provided that the person files a  
4 reconciliation return at the end of each quarter or at the end  
5 of each six-month period during the calendar or fiscal year, as  
6 provided in this section."

7           SECTION 11. Section 251-6, Hawaii Revised Statutes, is  
8 amended to read as follows:

9           "~~[+]~~**S251-6**~~[+]~~ **Annual return.** On or before the ~~[twentieth]~~  
10 fifteenth day of the fourth month following the close of the  
11 taxable year, every person who has become liable for the payment  
12 of the surcharge taxes under this chapter during the preceding  
13 tax year shall file a return summarizing the person's liability  
14 under this chapter for the year, in such form as the director  
15 prescribes. The person shall transmit with the return a  
16 remittance covering the residue of the surcharge tax chargeable  
17 to the person, if any, to the office of the appropriate state  
18 district tax assessor designated in section 251-7. The return  
19 shall be signed by the person, if made by an individual, or by  
20 the president, vice-president, secretary, or treasurer of a  
21 corporation, if made on behalf of a corporation. If made on  
22 behalf of a partnership, firm, society, unincorporated

1 association, group, hui, joint adventure, joint stock company,  
2 corporation, trust estate, decedent's estate, trust, or other  
3 entity, any individual delegated by the entity shall sign the  
4 same on behalf of the person. If for any reason it is not  
5 practicable for the individual person to sign the return, it may  
6 be done by any duly authorized agent. The department, for good  
7 cause shown, may extend the time for making the return on the  
8 application of any person and grant such reasonable additional  
9 time within which to make the return as the department may deem  
10 advisable.

11 Section 232-2 applies to the annual return, but not to a  
12 monthly, quarterly, or semiannual return."

13 SECTION 12. This Act does not affect rights and duties  
14 that matured, penalties that were incurred, and proceedings that  
15 were begun before its effective date.

16 SECTION 13. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 14. This Act shall take effect on July 1, 2009,  
19 and shall apply to taxable years beginning after December 31,  
20 2008.

**Report Title:**

Electronic Filing and Payment of Taxes; Accelerate Tax Payments

**Description:**

Requires all persons required to electronically file and pay federal taxes to electronically file and pay state taxes. Accelerates the filing and payment due dates for general excise, transient accommodations, fuel, cigarette, and rental motor vehicle and tour vehicle surcharge taxes. (SD1)