

STAND. COM. REP. NO.

Honolulu, Hawaii

FEB 19 2009

RE: S.B. No. 118
S.D. 1

194

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Judiciary and Government Operations, to which was referred S.B. No. 118 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to limit the time period in which the collection of a tax by levy or court proceeding may commence to ten years after assessment of the tax.

This measure applies to the following taxes: income, general excise, transient accommodations, use, fuel, conveyance, rental motor vehicle and tour vehicle surcharge, hospital and nursing facility, and insurance.

Your Committee received testimony in support of this measure from the Chamber of Commerce of Hawaii; Hawaii Society of Certified Public Accountants; Chun, Kerr, Dodd, Beaman & Wong; and three individuals. Testimony in opposition was received from the Department of Taxation. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that taxpayers should have the benefit of ascertaining with certainty at a future time when their tax liability comes to an end. The federal government imposes a ten-year statute of limitations on the collection of delinquent taxes. According to testimony, Hawaii is one of only four states that presently does not have some form of statute of limitations on tax collections.

2009-0984 SSCR SMA-1.doc



Your Committee finds that current law providing for a three year limitation on assessment may need to be changed if a ten year statute of limitation period is imposed. Your Committee believes that the three year assessment limitation period and the proposed ten year statute of limitation period may need to be amended as this measure progresses.

Your Committee has amended this measure by making conforming and clarifying amendments on the recommendation of the Department of Taxation, and changing the effective date to July 1, 2050, to continue the discussions in this matter.

As affirmed by the record of votes of the members of your Committee on Judiciary and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 118, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 118, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Government Operations,



BRIAN T. TANIGUCHI, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Judiciary and Government Operations
JGO

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 118	JGO, WAM	2/10/09		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
TAKAMINE, Dwight Y. (VC)	✓			
BUNDA, Robert				✓
GABBARD, Mike	✓			
NISHIHARA, Clarence K.	✓			
SLOM, Sam	✓			
TOTAL	5	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes