

Honolulu, Hawaii

Ag: 19, 2009

RE: S.B. No. 972
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 972, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill is to ensure better tax compliance by, among other things, directing the Department of Taxation (DOTAX) to coordinate with unions and federal agencies on leads to construction work site compliance with general excise (GE) tax reporting and income tax withholding requirements. This bill also authorizes state agencies to stop construction projects for which various tax payments are not filed or federal procurement officers do not assist DOTAX to ensure that construction projects pay GE taxes.

The Subcontractors Association of Hawaii and a concerned individual supported this measure. DOTAX opposed this bill. The Department of the Attorney General, Department of Commerce and Consumer Affairs' Professional and Vocational Licensing Division, and Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by deleting its substance and inserting the substance of this bill as introduced, which establishes a special enforcement section in DOTAX to carry out civil enforcement efforts that focus on high-risk, cash-based transactions. Your Committee has further amended this bill by:

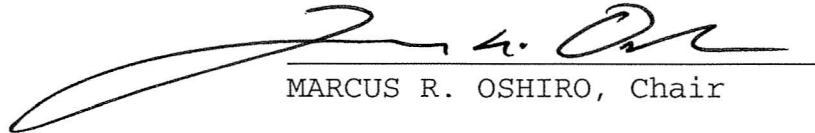
SB972 HD1 HSCR FIN HMS 2009-3627



- (1) Deleting the provision that appropriates \$500,000 from the Tax Administration Special Fund; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 972, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 972, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR1609

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 972, SD 2	Committee Referral: FIN	Date: April 3, 2009 MZ March 25, 2009
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The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. AWANA, Karen Leinani				✓
5. BROWER, Tom	✓			
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.	✓			
9. KEITH-AGARAN, Gilbert S.C.				✓
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III	✓			
13. TOKIOKA, James Kunane	✓			
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. PINE, Kymberly Marcos	✓			
17. WARD, Gene		✓		
TOTAL (17)	14	1	0	2

The recommendation is: Adopted Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: Marilyn B. Lee

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