

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 1922

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1922 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to require, among other things, a nonresident seller of real property located in Hawaii to provide the Bureau of Conveyances a tax clearance issued by the Department of Taxation (DOTAX) certifying that the seller has paid all general excise, transient accommodations, and income taxes as a condition to recording a change in title on the real property.

Title Guaranty of Hawaii, Inc., and Title Guaranty Escrow Services, Inc., testified in opposition to this bill. DOTAX, the Department of the Attorney General, Tax Foundation of Hawaii, Hawaii Association of REALTORS, American Resort Development Association-Hawaii, Marriott Vacation Club International, and Wyndham Worldwide offered comments.

Your Committee has amended this bill by:

- (1) Inserting purpose language to clarify that the purpose of this bill is to address a problem with the collection of unpaid transient accommodations and general excise taxes on rental income from real property owned by nonresidents who fail to file tax returns on such income and move beyond the jurisdiction of the State after the property is sold and transferred;



- (2) Applying to all sellers, regardless of residency, the requirement that sellers of real property located in Hawaii provide the Bureau of Conveyances a tax clearance, and placing those provisions in a separate statutory section;
- (3) Authorizing the Director of Taxation to require every escrow depository required to file a return of the amount of tax withheld on the disposition of real property, to remit taxes by electronic funds transfer;
- (4) Requiring every escrow depository who is authorized to file a completed return on behalf of a transferee to file the return not more than two working days following the authorization date and deliver a receipt from DOTAX to the transferee;
- (5) Inserting a savings clause;
- (6) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (7) 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 H.B. No. 1922, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1922, 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



