

STAND. COM. REP. NO. 866

Honolulu, Hawaii

March 8, 2011

RE: H.B. No. 801
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 801, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is as received by your Committee is to allow the federal Work Opportunity Credit, with certain revisions, to be used against a taxpayer's state income tax liability.

Prior to the hearing, your Committee circulated a proposed draft that replaced the substance of this bill, clarifying the Department of Taxation's (DOTAX) subpoena authority for civil and criminal investigations. Specifically, the proposed draft:

- (1) Clarifies that the Director of Taxation (Director) may require the production of electronic records that are relevant or material to an inquiry, investigation, or hearing conducted by the Director;
- (2) Specifies that the Director may subpoena witnesses, examine them under oath, and require the production of books, papers, documents, or other records, including electronic records, that are material or relevant to a criminal investigation conducted by the Director;



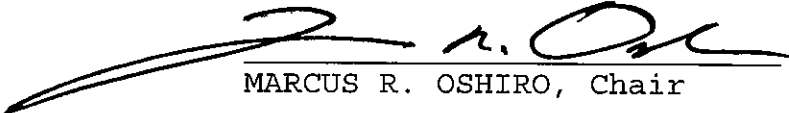
- (3) Establishes parameters for the use of subpoena powers in criminal investigations conducted by the Director;
- (4) Requires DOTAX to reimburse a financial institution that is served a subpoena for costs incurred as a result of the subpoena; and
- (5) Stipulates that compliance with a subpoena issued by DOTAX shall not give rise to a civil action for damages against an individual who has complied with the subpoena.

DOTAX supported the proposed draft of this bill.

Your Committee has amended this bill by adopting the substance of the proposed draft circulated prior to the public hearing.

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. 801, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 801, H.D. 2.

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


MARCUS R. OSHIRO, Chair



