

STAND. COM. REP. NO. 1451

Honolulu, Hawaii

April 8, 2011

RE: S.B. No. 756
S.D. 2
H.D. 1

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 S.B. No. 756, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill, as received by your Committee, is to:

- (1) Assist the Department of Taxation (DOTAX) in establishing its computer system--the Integrated Tax Services and Management System--to allow taxpayers to file all tax returns, applications, reports, and other documents electronically, telephonically, and optically;
- (2) Establish the Integrated Tax Services and Management Special Fund, with moneys appropriated from the general fund, to improve customer services and taxpayer fairness, and increase cost savings, with an emphasis on electronic filings;
- (3) Require DOTAX to use performance-based contracts to enhance, acquire, or enhance and acquire automated tax systems;
- (4) Require the Director of Taxation to submit a report to the Legislature prior to the convening of every regular

SB756 HD1 HSCR FIN HMS 2011-3619



session that contains the status of the performance-based contracts and an accounting of all moneys appropriated;

- (5) Provide for the electronic payment for all taxes and taxpayers; and
- (6) Reestablish the last day of the month as the deadline for filing and payment of general excise taxes and the quarterly filing and payment of periodic insurance premium taxes.

For purposes of a public hearing on this bill, your Committee circulated a proposed H.D. 1 and notified the public that your Committee would be accepting testimony on the proposed H.D. 1. The proposed H.D. 1:

- (1) Establishes an excise tax on direct broadcast satellite service providers;
- (2) Requires renewable energy technology systems to be operational prior to January 1, 2015, to be eligible for the income tax credit;
- (3) Provides that income tax credits claimed during the 2012 taxable year for renewable energy technology systems shall be paid beginning July 1, 2013;
- (4) Requires DBEDT to conduct an evaluation of the effectiveness and ongoing need for the income tax credit for renewable energy technology systems beyond December 31, 2014;
- (5) Repeals the income tax exemption for income derived from stock options or stocks from qualified high technology businesses; and
- (6) Specifies a July 1, 2011, effective date.

The following testified on the proposed H.D. 1:

Satellite Broadcasting & Communications Association; DIRECTV; DISH Network; President of The Satellite Guy, Inc.; the General Manager of The Shack at Hawaii Kai; Mini Satellite Dish Company; Vice President of Hawaii Sound Systems; Manager of Big Island Satellite; Molokai



Sight & Sound; Manager of D&MSatelliteSolutions; Pacific Rim Entertainment; Victory Satellite; President of DISH TV USA INC.; and Microcom opposed this bill. The Department of Taxation; Department of Business, Economic Development, and Tourism (DBEDT); Tax Foundation of Hawaii; Oceanic Time Warner Cable; and several concerned individuals commented on this measure.

Upon consideration, your Committee has amended this bill by deleting its substance and inserting provisions that, aside from technical, nonsubstantive amendments for clarity, consistency, and style, reflect the provisions contained in the proposed H.D. 1 version of the bill, as specified above.

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. 756, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 756, 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



