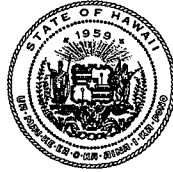


**HB 1300**

**HD2, SD1**

NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR



STATE OF HAWAII  
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**SENATE COMMITTEE ON WAYS AND MEANS**

**COMMENTS OF THE DEPARTMENT OF TAXATION  
REGARDING HB 1300 HD 2, SD 1  
RELATING TO TAXATION**

**TESTIFIER:** FREDERICK D. PABLO, DIRECTOR OF TAXATION (OR  
DESIGNEE)  
**COMMITTEE:** WAM  
**DATE:** APRIL 7, 2011  
**TIME:** 9:30AM  
**POSITION:** SUPPORT

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This measure requires the Department of Taxation to implement across-the-board electronic filing at no cost to taxpayers. This measure also amends the due date for the general excise tax, the transient accommodations tax, the use tax, the fuel tax, the liquor tax, the tobacco tax, the rental motor vehicle surcharge tax and the conveyance tax from the 20<sup>th</sup> day of the month to the last day of the month.

The Department of Taxation (Department) supports this measure.

The Department strongly supports the message this measure sends, which is to allow all taxpayers to manage their tax obligations electronically. The Department agrees that wholesale electronic filing is an attainable goal, and one which will be given greater priority under the current administration.

The Department also notes that a previous version of the bill moved the start date for the electronic filing requirements to 2013, allowing the Department time to begin its efforts to add across-the-board electronic filing as part of its overall modernization initiatives. The Department requests the blanked-out start date in the current version of this bill be returned to the 2013 start date.

The Department also supports moving the tax deadlines from the 20<sup>th</sup> day of the month to the last day of the month. In addition, the Department recommends that the effective date for moving the due dates be January 1, 2012.

# TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** ADMINISTRATION, GENERAL EXCISE, Filing of tax returns

**BILL NUMBER:** HB 1300, SD-1

**INTRODUCED BY:** Senate Committee on Economic Development and Technology

**BRIEF SUMMARY:** Amends HRS section 231-8.5 to require the department of taxation to establish a system to allow taxpayers to file all required tax returns, applications, reports, and other documents electronically, telephonically, or by optical means at no additional cost to the taxpayer by July 1, 2011.

Amends HRS section 231-9.9 to lower the tax liability threshold for taxpayers required to remit taxes by electronic funds transfer from \$100,000 to \$\_\_\_\_\_.

Repeals Act 22, SLH 2010, to reestablish the last day of the month as the deadline for the filing and payment of miscellaneous taxes and the quarterly filing period for insurance premiums taxes.

**EFFECTIVE DATE:** July 1, 2010

**STAFF COMMENTS:** The legislature by Act 176, SLH 1997, permitted taxpayers to file any tax return, application, report or other document required under Title 14 administered by the department of taxation, by electronic, telephonic, or optical methods. The proposed measure would require the department of taxation, by July 1, 2011, to establish a system to allow taxpayers to file all required tax returns, applications, reports, and other documents electronically, telephonically, or by optical means at no additional cost to the taxpayer. While it would be desirable to require taxpayers to utilize "electronic" means of filing such returns and documents, the system developed by the department of taxation should also be "user friendly" so that taxpayers can easily file electronically as compared to some of the existing electronic filing programs of the federal government.

While Act 121, SLH 1995, authorized the department to require taxpayers with tax liability of \$100,000 or more to pay or remit the taxes due by electronic funds transfer, this measure proposes to lower the threshold to \$\_\_\_\_\_.

While Act 22, SLH 2010, requires taxpayers subject to sections 237D, 238, 243, 244D, 245, 251 and 431:7 to file annual, monthly, quarterly, or semiannual returns or any other return that is due on the 20<sup>th</sup> day of the month, this measure repeals Act 22 and provides that the returns shall be filed by the last day of the month following the taxable activity.

Digested 3/29/11