

# S.B. NO. 2868

JAN 25 2012

---

## A BILL FOR AN ACT

RELATING TO TAX CLEARANCE FEES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Taxpayers are required to obtain tax clearances  
2 from the department of taxation for various purposes, including  
3 obtaining a government contract or receiving final payment on a  
4 government contract. Currently, taxpayers may obtain tax  
5 clearances without paying a fee for the tax clearance. The  
6 department of taxation processes approximately 20,000 to 30,000  
7 tax clearance requests per year. In addition, certified copies  
8 of the tax clearance can also be obtained from the department of  
9 taxation without paying a fee. Approximately, 30,000 certified  
10 copies of tax clearances are provided each year. This Act would  
11 impose a \$20 fee on taxpayers to request a tax clearance and a  
12 \$5 fee to obtain a certified copy of a tax clearance.

13           SECTION 2. Chapter 231, Hawaii Revised Statutes, is  
14 amended by adding a new section to be appropriately designated  
15 and to read as follows:

16           "§231-    Tax clearance fees.    The department may charge a  
17 fee of \$20 for each tax clearance application submitted by a  
18 taxpayer and \$5 for each certified copy of a tax clearance

S.B. NO. 2868

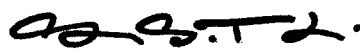
1 issued to a taxpayer. The department may charge additional fees  
2 related to the issuance of tax clearances."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval  
5 and shall apply to requests for tax clearances and requests for  
6 certified copies of tax clearances received on or after July 1,  
7 2012.

8

9

INTRODUCED BY: 

10

BY REQUEST

11

12

13

S.B. NO. 2868

**Report Title:**  
Tax Clearances

**Description:**  
Imposes fees to obtain a tax clearance or a certified copy of a tax clearance.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Taxation.

TITLE: A BILL FOR AN ACT RELATING TO TAX CLEARANCE FEES.

PURPOSE: To impose fees to submit a tax clearance application or request a certified copy of a tax clearance.

MEANS: Add a new section to chapter 231, Hawaii Revised Statutes.

JUSTIFICATION: Taxpayers are required to obtain tax clearances from the Department of Taxation for various purposes, including obtaining a government contract or receiving final payment on a government contract. Currently, taxpayers may obtain tax clearances without paying a fee for the tax clearance. The Department of Taxation processes approximately 20,000 to 30,000 tax clearance requests per year. In addition, certified copies of the tax clearance can also be obtained from the Department of Taxation without paying a fee. Approximately, 30,000 certified copies of tax clearances are provided each year. This bill would impose a \$20 fee on taxpayers to submit a tax clearance application or a \$5 fee for each certified copy of a tax clearance. Additional fees could be charged, for example, for a dishonored check by adopting rules.

Impact on the public: Taxpayers would be required to pay a fee to submit a tax clearance application.

Impact on the department and other agencies: The department would collect funds for processing tax clearance requests. No impact on other agencies.

GENERAL FUND: \$300,000.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: None.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval for tax clearance applications received or certified copies requested on or after July 1, 2012.