

STAND. COM. REP. NO. **645** -12

Honolulu, Hawaii

Feb 17, 2012

RE: H.B. No. 1672
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 1672 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to reward a portion of any collected proceeds to individuals who provide information to the Department of Taxation regarding any violation of Title 14, Hawaii Revised Statutes, that is the basis of an administrative or judicial action brought by the Department.

The Department of Taxation testified in support of this measure. The Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Amending one of the criteria for receiving an award amount to require that the amount in dispute exceed \$500,000, rather than \$2,000,000;
- (2) Conforming subsection (b) of the new section created by this measure to Title 26 United States Code Section 7623 to clarify that where information providing the basis of a Department of Taxation administrative or judicial action was principally derived from a source other than

HB1672 HD1 HSCR JUD HMS 2012-2174



the individual, the Director of Taxation may award such sums as the Director determines to be appropriate;

- (3) Changing the effective date to January 7, 2059, to facilitate further discussion of the matter; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1672, H.D. 1, and be referred to the Committee on Finance.

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



GILBERT KEITH-AGARAN, Chair



