

STAND. COM. REP. NO.

2527

Honolulu, Hawaii

MAR 02 2012

RE: S.B. No. 2868

S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2868 entitled:

"A BILL FOR AN ACT RELATING TO TAX CLEARANCE FEES,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Department of Taxation to collect a fee of \$20 for each tax clearance application submitted by a taxpayer and a fee of \$5 for each certified copy of a tax clearance issued to a taxpayer.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received testimony in opposition to this measure from the Hawaii Alliance of Nonprofit Organizations and one concerned individual. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the Department of Taxation provides tens of thousands of tax clearance documents to taxpayers each year at no charge. Each request via paper form for tax clearance requires a significant amount of time for Department staff to research and prepare. This measure would allow the Department to collect fees for processing taxpayers' requests for tax clearance documents to offset the staff time and resources that are used. Your Committee further finds that the collection of fees for providing documents is not unusual among state agencies. For example, the Department of Commerce and Consumer Affairs collects fees for providing copies of certain documents. However, your

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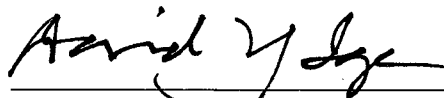
Committee recognizes that the imposition of these fees represents yet another cost for many businesses and nonprofit organizations, as well as individuals, in the State. Accordingly, your Committee finds that the Department should charge fees for a tax clearance only if taxpayers request a tax clearance using a paper form. Electronic filing of tax clearance requests should be available without charge to encourage this more efficient method of filing tax clearance requests.

Your Committee has amended this measure by:

- (1) Including the proviso that the Department of Taxation may charge fees for tax clearances and certified copies of tax clearances only if electronic versions of those documents are available to taxpayers online at no charge; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2868, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2868, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB2868	Committee Referral: WAM	Date: 2-14-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.	/			
ENGLISH, J. Kalani	/			
ESPERO, Will				✓
FUKUNAGA, Carol				✓
KIM, Donna Mercado	/			
KAHELE, Gilbert	/			
KOUCHI, Ronald D.	/			
RYAN, Pohai	/			
TOKUDA, Jill N.				✓
WAKAI, Glenn	/			
SLOM, Sam			✓	
TOTAL	10	0	1	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes