

Honolulu, Hawaii

April 5, 2012

RE: S.B. No. 2947
S.D. 2
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2947, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a monetary award from the collected proceeds for whistleblowers whose information leads to a Department of Taxation administrative or judicial action;
- (2) Allow the Director of Taxation to appoint an administrative appeals officer to administer the expedited appeals and dispute resolution program;
- (3) Prohibit certain penalties from being added to tax underpayments on which other specified penalties are already imposed;
- (4) Require all advertisements and solicitations for transient accommodations and all operator- or plan manager-maintained websites regarding transient accommodations to display the registration identification number or a website address to a website containing the number; and



- (5) Require operators of transient accommodations who reside out-of-state or on an island other than the one on which the transient accommodations are located to include contact information for an agent who resides on the island on which the transient accommodations are located.

Rental by Owner Awareness Association, South Maui Condos Owner Direct Rental Network, and numerous individuals testified in opposition to this measure. The Department of Taxation, Tax Foundation of Hawaii, Hawaii Association of REALTORS, Exclusive Getaways, and several individuals provided comments on this measure.

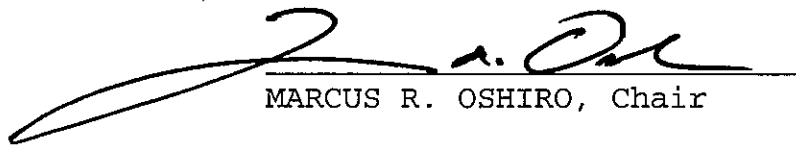
Your Committee has amended this measure by:

- (1) Amending the whistleblower award language to conform to the language of Section 7623(a) of the Internal Revenue Code;
- (2) Deleting certain statutory references to ensure that the prohibition of imposing certain civil penalties from being added to tax underpayments on which certain other penalties are already imposed will not prevent criminal prosecution in cases of fraud or willful failure to collect and pay over any tax imposed by title 14; and
- (3) 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2947, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2947, S.D. 2, H.D. 2.



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



MARCUS R. OSHIRO, Chair



Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 2947 SD2 HD1	Committee Referral: ERB, FIN	Date: 4/3/12
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The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. CHOY, Isaac W.	✓			
4. CULLEN, Ty	✓			
5. GIUGNI, Heather	✓			
6. HAR, Sharon E.	✓			
7. HASHEM, Mark J.	✓			
8. ICHIYAMA, Linda	✓			
9. JORDAN, Jo	✓			
10. KAWAKAMI, Derek S.K.	✓			
11. LEE, Chris	✓			
12. MORIKAWA, Dee	✓			
13. TOKIOKA, James Kunane	✓			
14. YAMASHITA, Kyle T.	✓			
15. MARUMOTO, Barbara C.	✓			
16. RIVIERE, Gil	✓			
17. WARD, Gene	✓			
TOTAL (17)	17	0	0	0

The recommendation is: Adopted Not Adopted
If joint referral, _____ did not support recommendation.
 committee acronym(s)

Vice Chair's or designee's signature: _____ Marilyn B. Lee _____

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