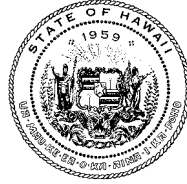


**NEIL ABERCROMBIE**  
GOVERNOR

**BRIAN SCHATZ**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1564

**FREDERICK D. PABLO**  
INTERIM DIRECTOR OF TAXATION

**RANDOLF L. M. BALDEMOR**  
DEPUTY DIRECTOR

To: The Honorable David Ige, Chair  
and Members of the Senate Committee on Ways and Means

Date: Tuesday, March 20, 2012  
Time: 9:00 a.m.  
Place: Room 211, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: H.B. 1980 HD1 Relating to Taxation

The Department of Taxation (Department) appreciates the merits of H.B. 1980 HD1, and provides the following information for the Committee's consideration.

H.B. 1980 HD1 repeals Act 196, Session Laws of Hawaii 2009, and Act 22, Session Laws of Hawaii 2010. Act 196 and Act 22 moved the filing due date for all taxes from the last day of the month to the twentieth of the month. The effective date of the bill is January 1, 2014 and applies to taxable years beginning after December 31, 2013.

Although the effective date has been pushed back an additional six months, the Department still remains concerned about its ability to complete the logistical challenges necessary to accomplish the requirements of H.B. 1980 HD1. Act 196 and Act 22 were adopted in two different legislative sessions, which allowed for the changes to be developed in phases over more than two years.

H.B. 1980 would require the Department to develop and implement the changes for all tax forms simultaneously. The Department notes that there are fewer technical personnel and budget resources available this time, compared with the conversion in 2009 and 2010, which could affect the time necessary to transition over to the new dates.

Thank you for the opportunity to provide comments.



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
www.hawaii.gov/dcca

KEALI'I S. LOPEZ  
DIRECTOR

TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Tuesday, March 20, 2012  
9:00 a.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON HOUSE BILL NO. 1980, H.D. 1 – RELATING TO TAXATION.**

TO THE HONORABLE DAVID IGE, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department limits its testimony to sections 10 and 11 of this bill. The Department supports sections 10 and 11 of this bill with suggested amendments.

Sections 10 and 11 of this bill amend Hawaii Revised Statutes (“HRS”) §§ 431:7-201(b) and (c) and 431:7-202(f) by changing the filing date of the insurance premium tax return from the 20<sup>th</sup> of the month to the last day of the month.

The Department prefers the quarterly tax filing requirement, rather than the monthly filing. Restoring the quarterly filing requirement will lessen the administrative burden on Insurance Division operations and reduce the cost of regulatory compliance on insurers.

The Department respectfully requests:

- (1) Substituting the word “quarterly” for “monthly” on page 17, lines 4, 14, and 22 (appears twice) and on page 18, line 4 (appears twice); and
- (2) Substituting the word “quarter” for “month” on page 17, lines 5, 9, and 16 and page 18, line 2.

**H.B. No. 1980, H.D. 1**  
**DCCA Testimony of Gordon Ito**  
**Page 2**

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.



**Testimony to the Senate Committee on Ways and Means  
Tuesday, March 20, 2012  
9:00 a.m.  
State Capitol - Conference Room 211**

**RE: HOUSE BILL NO. 1980 HD1 RELATING TO TAXATION**

Chair Ige, Vice Chair Kidani, and members of the committee:

The Chamber of Commerce of Hawaii supports HB 1980 relating to Taxation. We appreciate the committee for scheduling this bill.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state’s economic climate and to foster positive action on issues of common concern.

This measure reestablishes the last of the month as the deadline for filing and payment of general excise taxes.

In the 2009 Legislature, the Chamber did not support Act 196 because of the impact it would have had on small businesses. We believe the measure would have essentially amount to a one-time tax increase and create additional administrative burdens for business, which in turn, will impose additional costs.

Small businesses are already struggling to stay afloat. Merely keeping up with operating expenses is difficult. Therefore, we appreciate the committee for considering a measure that will reestablish the end of the month as the filing deadline as it will remove an unnecessary administrative complexity.

Thank you for this opportunity to express our views.