

APR 22 2013



GOV. MSG. NO. 1133

APR 22 2013

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

April 22, 2013

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

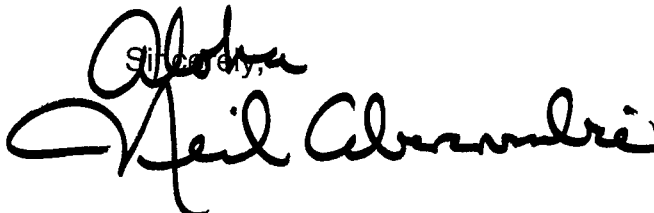
The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on April 22, 2013, the following bill was signed into law:

SB1187 SD1

RELATING TO DELINQUENT TAXES
ACT 033 (13)

Aloha
Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO DELINQUENT TAXES.

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

1 SECTION 1. The legislature finds that, currently, if an
2 account is uncollectible, the department of taxation must wait
3 two years before the account is deemed uncollectible. This
4 creates undue stress and anxiety to the taxpayer who may have
5 health or other insurmountable financial problems. The
6 legislature believes that authorizing the department of taxation
7 to consider various factors, other than the two-year time limit
8 in determining when an account is uncollectible, will permit the
9 department to concentrate on the accounts that will likely
10 generate the greatest recovery to the State. This approach will
11 also relieve the department of the need to track numerous small
12 claims when the costs of collection, including employee time,
13 will exceed any expected recovery.

14 The purpose of this Act is to set a reasonableness standard
15 for deeming taxes uncollectible, rather than waiting for the
16 minimum two-year period currently required by statute.

17 SECTION 2. Section 231-32, Hawaii Revised Statutes, is
18 amended to read as follows:



1 "§231-32 Records of delinquent taxes, uncollectible
2 delinquent taxes. The department of taxation shall prepare and
3 maintain, open to public inspection, a complete record of the
4 amounts of taxes assessed in each district that have become
5 delinquent with the name of the delinquent taxpayer in each
6 case, but it shall not be necessary to periodically compute on
7 the records the amount of penalties and interest upon delinquent
8 taxes.

9 The department [~~may~~], from time to time, may prepare lists
10 of all [~~taxes~~] delinquent [~~which~~] taxes that in its judgment are
11 uncollectible. [~~Such taxes as~~] Taxes that the department finds
12 to be uncollectible shall be entered in a special record and be
13 deleted from the other books kept by the department [~~, and the~~].
14 The department shall [~~thereupon~~] then be released from any
15 further [~~accountability for their collection; provided that no~~]
16 duty to collect these taxes. No account shall be [~~so~~] deleted
17 [~~until it shall have been delinquent for at least two years.~~]
18 unless the department finds that there is reasonable cause to
19 delete the account, considering factors such as the financial
20 condition of the taxpayer, inability to locate the taxpayer,
21 costs of collection against the amount of tax owed, health of
22 the taxpayer, and future income prospects of the taxpayer. Any

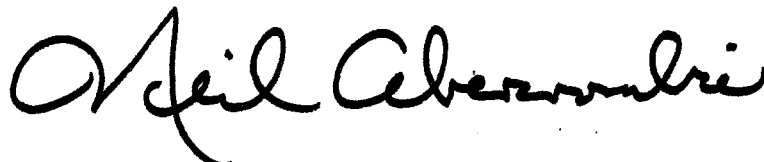


1 items [~~se~~] written off may be transferred back to the delinquent
2 tax roll if the department finds that the alleged facts as
3 previously presented to it were not true[~~r~~] or that [~~such~~] the
4 items are in fact collectible."

5 SECTION 3. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 4. This Act, upon its approval, shall take effect
8 retroactive to January 1, 2013.

APPROVED this 22 day of APR, 2013



GOVERNOR OF THE STATE OF HAWAII