

JAN 24 2013

---

---

# A BILL FOR AN ACT

RELATING TO TAXATION.

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

- 1           SECTION 1. Chapter 231, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:  
4           "§231-       Reporting of non-wage payments; construction  
5 service providers. (a) Any payor engaged in a trade or  
6 business and making a payment, other than wages, in the course  
7 of the payor's trade or business to another person, corporation,  
8 partnership, association, or limited liability company valued at  
9 no less than \$600 in any taxable year for the receipt of  
10 construction services shall submit a report of the payment to  
11 the provider of construction services and the department in a  
12 manner prescribed by the department; provided that the report  
13 specifies:
- 14           (1) The name and address of the payor;
  - 15           (2) The name, address, and tax identification number of  
16               the provider of construction services;
  - 17           (3) The total amount that the payor paid to the provider  
18               of construction services in the taxable year; and



1       (4) Any other information that the department shall  
2           require by rule.

3       (b) The payment report shall be transmitted by the payor  
4 to the department and the provider of construction services on  
5 or before January 31 following the taxable year in which the  
6 payment was made.

7       (c) The department shall transmit the report to the  
8 director of labor and industrial relations for purposes of  
9 securing contributions into the unemployment compensation fund  
10 no later than the first day of the month following the calendar  
11 quarter in which the report was received. The department may  
12 share the report, upon request, with any other state or federal  
13 law enforcement agency, notwithstanding chapter 92F.

14       (d) The failure to file a report, or filing an incomplete  
15 report, shall result in a fine of \$10,000.

16       (e) Knowingly failing to file a report, or knowingly  
17 filing an incomplete, false, or misleading report shall result  
18 in a fine pursuant to of \$20,000.

19       (f) The requirements of this section shall not apply to  
20 any payment for construction services by a person whose business  
21 plan does not include the contracting of construction services



1 while in the normal or regular course of the person's trade or  
2 business, as determined by the director through rules.

3 (g) For the purposes of this section:

4 "Construction service provider" means a person performing  
5 construction services.

6 "Construction services" includes the erection, excavation,  
7 installation, alteration, addition, modification, repair,  
8 improvement, demolition, destruction, dismantling, or removal of  
9 all or any part of a building, structure, dock, wharf, surface,  
10 or subsurface construction on or attached to any real property.

11 If the payment to the construction service provider includes  
12 payment for materials and equipment as well as construction  
13 services, the payment shall also be reported.

14 "Person" includes an individual, corporation, partnership,  
15 association, or limited liability company."

16 "Payment" shall not include wages paid to an employee of  
17 the payor."

18 SECTION 2. New statutory material is underscored.

19 SECTION 3. This Act, upon its approval, shall apply to  
20 taxable years beginning after December 31, 2012.

21

INTRODUCED BY: Michelle Sudani



Clarence K. Friedrich  
Friedberg

Suzanne Chun Caldwell  
~~D.C. Kord-Allen~~

Paul J. D.  
Maiter



# S.B. NO. 1289

**Report Title:**

Taxation; Construction Services; Non-Wage Payments

**Description:**

Requires payors of non-wage payments for construction services to report the payments to the department of taxation and the provider of construction services.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

