

STAND. COM. REP. NO. 1054

Honolulu, Hawaii

MAR 25 2013

RE: H.B. No. 425
H.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 425, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO OFFERS IN COMPROMISE,"

begs leave to report as follows:

The purpose and intent of this measure is to establish payment requirements under state law for offers in compromise that are submitted to the Department of Taxation.

Your Committee received testimony in support of this measure from the Department of Taxation.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that an offer in compromise, if accepted by the Department of Taxation, is an agreement between a taxpayer and the Department of Taxation that settles the taxpayer's tax liabilities for less than the full amount owed. This measure would treat offers in compromise in the same manner as federal treatment under the Internal Revenue Code, thereby conforming offers in compromise for federal and state tax payments.

Your Committee further finds that this measure will reduce the number of frivolous offers in compromise applications by requiring that offers in compromise be accompanied by:



- (1) Twenty per cent of the amount offered, in the case of a lump-sum offer in compromise; or
- (2) The first installment, in the case of a periodic payment offer in compromise.

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 H.B. No. 425, H.D. 1, and recommends that it pass Second Reading 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-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 425 HD1	Committee Referral: WAM	Date: 3-15-13		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input 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	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
TOTAL	13	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
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*Only one measure per Record of Votes