

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 1187
S.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 S.B. No. 1187 entitled:

"A BILL FOR AN ACT RELATING TO DELINQUENT TAXES,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Department of Taxation to determine when it is reasonable to deem a delinquent tax uncollectible.

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, currently, the Department of Taxation must wait at least two years until it may declare a delinquent tax to be uncollectible. This measure will authorize the Department to use a reasonableness standard instead of the two-year waiting period when declaring an account to be uncollectible. The Department will be able to consider extrinsic factors such as the taxpayer's financial condition, inability to locate the taxpayer, collection costs, the taxpayer's health, and the taxpayer's future income prospects when making its determination. Your Committee believes that this measure will allow the Department to prioritize those delinquent accounts that will likely generate the greatest recovery for the State, while deeming as uncollectible those accounts with collection costs that will exceed the expected recovery.



Your Committee has amended this measure by:

- (1) Clarifying that, upon approval, the measure will be retroactive to January 1, 2013; and
- (2) Making numerous technical nonsubstantive amendments for the purposes of clarity, conformity, and style.

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 S.B. No. 1187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1187, S.D. 1, 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.:* SB 1187	Committee Referral: WAM	Date: 2-12-13		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" 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	11	0	0	2
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