

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 1197  
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. 1197 entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF TAXATION  
SPECIAL ENFORCEMENT SECTION,"

begs leave to report as follows:

The purpose and intent of this measure is to make permanent the special enforcement section of 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.

Act 134, Session Laws of Hawaii 2009, established a special enforcement section of the Department of Taxation to investigate "cash-based" businesses for tax evasion and to educate the small business community about their tax obligations. Your Committee finds that this special enforcement section has been instrumental in educating local businesses about their tax obligations and has generated almost \$1,000,000 in taxes for the State and that this is especially important in a state with an economy that is mostly composed of small businesses. Accordingly, your Committee finds that making the special enforcement section of the Department of Taxation permanent would continue to provide a valuable enforcement and education tool for the State and for the small business community.



Your Committee has amended this measure by making technical nonsubstantive amendments for clarity, consistency, 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. 1197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1197, 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*

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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.:* <b>SB 1197</b>	Committee Referral: <b>WAM</b>	Date: <b>2-12-13</b>		
<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	✓			
<b>TOTAL</b>	<b>10</b>	<b>2</b>	<b>0</b>	<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
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\*Only one measure per Record of Votes