

---

---

# 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, that is  
9 valued at \$600 or more in any taxable year for the receipt of  
10 construction services, including payment for materials and  
11 equipment, shall submit a report of the aggregate payments made  
12 to each provider of construction services, to the department in  
13 a manner prescribed by the department, including but not limited  
14 to mandatory electronic filing of the report; provided that the  
15 report specifies:

16           (1) The name, address, and tax identification number of  
17           the payor;



1        (2) The name, address, and tax identification number of  
2        the provider of construction services;

3        (3) The total amount that the payor paid to the provider  
4        of construction services in the taxable year; and

5        (4) Any other information that the department shall  
6        require by rule.

7        (b) The payment report shall be transmitted by the payor  
8        to the department on or before the last day of the third month  
9        following the close of the taxable year in which the payments  
10       were made.

11       (c) The payor shall also transmit the report to the  
12       director of labor and industrial relations for purposes of  
13       securing contributions into the unemployment compensation fund  
14       no later than the first day of the month following the calendar  
15       quarter in which the report was received. The payor shall  
16       transmit the report in a manner prescribed by the director of  
17       labor and industrial relations.

18       (d) A payor required to file an annual report under  
19       subsection (a) who fails to file the report by the due date  
20       shall be assessed a civil penalty of \$1,000 per month for each  
21       month the report is not filed, not to exceed a total of \$6,000  
22       for every annual report not filed. For the purposes of this



1 subsection and subsection (e), filing an incomplete, misleading,  
2 or false report shall be deemed to be a failure to file.

3 (e) In addition to any other civil or criminal penalty  
4 that may be imposed under this chapter, a payor required to file  
5 an annual report under subsection (a) who wilfully fails to file  
6 the report by the due date shall be subject to section 231-35.

7 (f) The requirements of this section shall not apply to  
8 any payment for construction services by a person whose business  
9 plan does not include the contracting of construction services  
10 while in the normal or regular course of the person's trade or  
11 business, as determined by the director through rules.

12 (g) For the purposes of this section:

13 "Construction service provider" means a person performing  
14 construction services.

15 "Construction services" includes the erection, excavation,  
16 installation, alteration, addition, modification, repair,  
17 improvement, demolition, destruction, dismantling, or removal of  
18 all or any part of a building, structure, dock, wharf, surface,  
19 or subsurface construction on or attached to any real property.

20 "Person" includes an individual, corporation, partnership,  
21 association, or limited liability company."



1        "Payment" shall not include wages paid to an employee of  
2 the payor."

3        SECTION 2. New statutory material is underscored.

4        SECTION 3. This Act, upon its approval, shall apply to  
5 taxable years beginning after December 31, 2050.



**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 director of labor and industrial relations. Establishes penalties for failure to report. (SD1)

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

