

STAND. COM. REP. NO.

14600

Honolulu, Hawaii

April 5, 2013

RE: S.B. No. 1187
S.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1187, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to authorize the Department of Taxation to delete a delinquent tax account upon a finding of reasonable cause rather than requiring the Department to wait two years to delete the account.

Your Committee received testimony in support of this measure from the Department of Taxation. The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that state law currently requires the Department of Taxation to wait two years before determining that delinquent taxes are uncollectible and deleting the account. Your Committee believes that, by authorizing the Department to use a reasonableness standard rather than a fixed two-year time period, this measure will relieve the Department of the need to track small claims when the costs of collection, including employee time, will exceed any expected recovery.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No.



1187, S.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 Finance,



SYLVIA LUKE, Chair



