

STAND. COM. REP. NO.

1452

Honolulu, Hawaii

April 4, 2013

RE: S.B. No. 1197
S.D. 1
H.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. 1197, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to make permanent the Department of Taxation Special Enforcement Section.

The Department of Taxation submitted testimony in support of this measure. The Tax Foundation of Hawaii submitted comments on this measure.

Your Committee finds that the Department of Taxation Special Enforcement Section (Section) was established by Act 134, Session Laws of Hawaii 2009 (Act 134), which is scheduled to sunset on June 30, 2014. Since its establishment, the Section has generated approximately \$1,000,000 in tax revenue using a staff of only three employees. Your Committee finds that by educating small businesses on taxes and conducting investigations, the Section has brought over one hundred fifty taxpayers into tax compliance. Currently, an additional five hundred taxpayers have been identified as non-filers who require investigation. Your Committee believes that permanently establishing the Section will ensure that businesses and individuals are properly educated regarding tax compliance, facilitate the investigation of

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individuals and businesses who owe taxes, and result in increased state tax revenues.

Your Committee has amended this measure by making a technical nonsubstantive amendment for purposes of clarity and consistency.

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. 1197, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1197, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



