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STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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JOSHUA WISCH  
DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair  
and Members of the House Committee on Finance

Date: Wednesday, February 12, 2014  
Time: 2:00 p.m.  
Place: Conference Room 308, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: H.B. No. 1848 Relating to Taxation

The Department of Taxation (Department) offers the following comments for the committee's consideration.

H.B. 1848 requires all monthly General Excise Tax (GET) returns to be filed electronically beginning January 1, 2015. The measure, if adopted, will take effect on July 1, 2014.

The Department finds that the most efficient method of receiving tax returns is via electronic transmission, which requires significantly less resources to process than paper returns. Taxpayers who are required to file electronically will experience the ease of preparing the returns electronically and will have certainty that their returns were sent and received by the Department because they will receive immediate confirmation of the filing of the tax returns.

Although, the Department would benefit greatly from requiring all GET returns to be filed electronically, it recognizes that a computer accessibility issue may exist for certain taxpayers. The Department believes that mandatory electronic filing should be phased in starting with business taxpayers with the largest liabilities first.

The Department prefers the approach set forth in H.B. 2342, an Administration measure, which would provide the Department with the most administrative flexibility in mandating the electronic filing of tax returns. Specifically, H.B. 2342 amends Hawaii Revised Statutes (HRS) section 231-8.5, to provide the Department with the statutory authority to mandate electronic filing for all HRS Title 14 taxes. The Department believes that this method is more efficient than adding an electronic filing provision to each chapter in HRS Title 14. Flexibility in this area is

important so that the Department can phase in mandatory electronic filing as the computer processing systems become available without seeking statutory amendments each time.

If the Committee wishes to advance this measure, for the purposes of clarity and consistency, the Department suggests Section 1 be amended to read as follows:

"SECTION 1. Section 237-34, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

(a) All monthly and annual returns [~~filed manually~~] shall be transmitted to the office of the taxation district in which the privilege upon which the tax accrued is exercised. Where the privilege is exercised in more than one taxation district the returns shall be transmitted to the office of the first district.

Beginning January 1, 2015, all monthly and annual returns shall be filed electronically. The director, in the director's discretion, may assess an administrative fee on a return that are [~~filed manually~~] not filed electronically.

~~[For the purposes of this section, "filed manually" means a filing that is not by electronic, telephonic, or optical means.]~~

The department may determine alternative methods for the signing, subscribing, or verifying of a tax return, application, report, or other document that shall have the same validity and consequences as the actual signing by the taxpayer. A filing under this section shall be treated in the same manner as a filing subject to the penalties under section 231-39."

Thank you for the opportunity to provide comments.



## DISABILITY AND COMMUNICATION ACCESS BOARD

919 Ala Moana Boulevard, Room 101 • Honolulu, Hawaii 96814  
Ph. (808) 586-8121 (V/TDD) • Fax (808) 586-8129

February 12, 2014

### TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE

#### House Bill 1848 - Relating to Taxation

The purpose of House Bill 1848 is to require all general excise tax monthly returns to be filed electronically, beginning January 1, 2015. The bill also states that the Director of Taxation may assess an administrative fee on a monthly return that is filed manually.

The Disability and Communication Access Board (DCAB) takes no position regarding this bill, however we do offer comments.

DCAB acknowledges that with advances in technology more services are available electronically. This may make filing monthly general excise tax returns easier for the state and for businesses. However, there may be individuals, including people with disabilities, who have no access to a computer or who may wish to file manually. Our concerns with the bill are:

1. The filing of forms must be accessible.
2. If the State requires all monthly general excise tax returns be filed electronically, individuals with disabilities who cannot file electronically due to their disability, need to be provided with an alternate means of filing. If that alternate means is manually, then the administrative fee should be waived.

DCAB is responsible for providing technical assistance regarding the Americans with Disabilities Act (ADA), and an important issue discussed with various state and county agencies is making programs and services of government accessible to individuals with disabilities.

We urge your consideration of our comments to amend the bill.

Thank you for the opportunity to testify.

Respectfully submitted,

BARBARA FISCHLOWITZ-LEONG  
Chairperson  
Legislative Committee

FRANCINE WAI  
Executive Director

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** GENERAL EXCISE, Electronic filing of monthly returns

**BILL NUMBER:** HB 1848

**INTRODUCED BY:** Luke, Aquino, Brower, Cullen, Fale, Fukumoto, Ing, Johanson, Kawakami, Lowen, Mizuno, Morikawa, Nakashima, Nishimoto, Onishi, Takai, Takayama, Woodson, Yamashita and 5 Democrats

**BRIEF SUMMARY:** Amends HRS section 237-34 to require all monthly general excise tax returns to be filed electronically beginning on January 1, 2015. Allows the director of taxation to assess an administrative fee on a monthly return that is filed manually.

**EFFECTIVE DATE:** July 1, 2014

**STAFF COMMENTS:** The legislature by Act 176, SLH 1997, permitted taxpayers to file any tax return, application, report or other document required under Title 14 administered by the department of taxation, by electronic, telephonic, or optical methods. If a taxpayer's general excise tax liability for a tax year does not exceed \$2,000, the taxpayer may file a semiannual general excise tax return. If a taxpayer's general excise tax liability for a tax year does not exceed \$4,000, the taxpayer may file a quarterly general excise tax return. Taxpayers with a general excise tax liability of \$4,000 for a tax year are required to file general excise tax returns on a monthly basis. If this measure is adopted they will be required to file their monthly general excise tax returns electronically.

The electronic filing of these general excise tax returns should result in easier compliance and ensure prompt payment of general excise taxes due to the department.

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# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Wednesday, February 12, 2014 at 2:00 P.M.  
Conference Room 308, State Capitol**

**LATE**

**RE: HOUSE BILL 1848 RELATING TO TAXATION**

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 1848 Relating to Taxation.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We believe electronic filing will make it more efficient and convenient for businesses to timely file and pay their taxes. We would be interested to see with electronic filing, what payment options will be available to business in paying their taxes.

Thank you for the opportunity to testify.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Wednesday, February 12, 2014 at 2:00 P.M.  
Conference Room 308, State Capitol**

**LATE**

**RE: HOUSE BILL 1848 RELATING TO TAXATION**

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 1847 Relating to Taxation.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Businesses are already struggling to stay afloat during this slow economic recovery. Merely keeping up with operating expenses is difficult, especially for small businesses. Therefore, we believe electronic filing will make it more efficient for businesses to timely file and pay their taxes.

Thank you for the opportunity to testify.