

Honolulu, Hawaii

APR 17, 2016

RE: S.B. No. 2923
S.D. 1
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2923, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX ADMINISTRATION,"

begs leave to report as follows:

The purpose of this measure is to bring clarity and consistency to the treatment of penalties and fines within Title 14, Hawaii Revised Statutes, and promote compliance with the tax laws of the State by:

- (1) Clarifying that interest shall be imposed on all unpaid penalties and fines rather than only on penalties and fines that become part of the tax pursuant to statute;
- (2) Requiring that the chairperson of the applicable Board of Review to file a notice of transfer with the Tax Appeal Court when the board receives notice that a taxpayer elects to transfer a tax appeal to the Tax Appeal Court; and
- (3) Simplifying the rate of interest to be paid to taxpayers on funds held in the Litigated Claims Fund by plainly stating the applicable interest rate rather than referring to a formula computed with reference to the Internal Revenue Code.

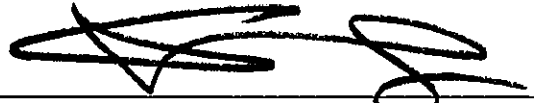


The Department of Taxation supported this measure. We Are One, Inc. and several individuals opposed this measure.

Your Committee has amended this measure by changing its effective date to July 1, 2030, to encourage further discussion. Technical nonsubstantive amendments were also made for clarity, consistency, and style.

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. 2923, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2923, 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



