

STAND. COM. REP. NO.

2677

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2925
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2925 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to specify that taxpayers who file an amended return under section 235-101, Hawaii Revised Statutes, may not claim a refund unless the refund is claimed within the time limits established by section 235-111, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Department of Taxation.

Your Committee received testimony in opposition to this measure from one individual.

Your Committee received comments on this measure from the Chamber of Commerce Hawaii and Tax Foundation of Hawaii.

Your Committee finds that this measure is intended to address the possibility that a taxpayer who has failed to file a refund claim within the time limits established by section 235-111, Hawaii Revised Statutes, may seek to extend the statute of limitations by merely submitting an amended federal tax return, even if no substantive changes are made to the return and irrespective of whether the return is actually accepted by the Internal Revenue Service.

SB2925 SD1 SSCR LRB 16-1019.doc



However, your Committee has received testimony raising concerns that the measure, as currently drafted, is confusing and could lead to unfair treatment of taxpayers. In order to address these concerns, the Department of Taxation provided proposed language that replaces the measure's current amendments to section 235-101, Hawaii Revised Statutes, with amendments to specify that the untimely filing of an amended federal income tax return does not reopen Hawaii's statute of limitations for claiming a tax refund. Your Committee notes that the proposed language is similar to recommendations made by the Tax Foundation of Hawaii.

Your Committee has amended this measure by deleting the original amendments to section 235-101, Hawaii Revised Statutes, and replacing them with the amendments recommended by the Department of Taxation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2925, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2925, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

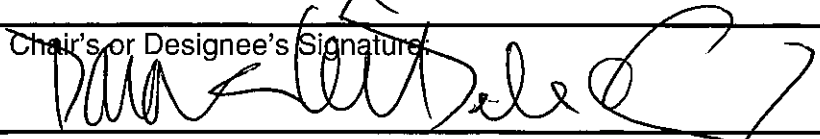


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2925	Committee Referral: WAM	Date: 2/17/16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam		/		
TOTAL	10	1		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes