

STAND. COM. REP. NO. **3026**

Honolulu, Hawaii

**MAR 21 2018**

RE: H.B. No. 2396  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2396, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to increase funding for the Special Enforcement Section of the Department of Taxation to investigate fraud and noncompliance, especially in relation to the transient accommodations tax.

More specifically, the measure increases the annual deposit ceiling of the tax administration special fund from \$700,000 to \$1,000,000.

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

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

Your Committee finds that the Special Enforcement Section plays a major role in the Department of Taxation's efforts to encourage compliance with Hawaii's tax laws. Your Committee believes that increasing the Special Enforcement Section's operational budget and expanding its workforce would enable the



Special Enforcement Section to enhance its tax enforcement functions.

Your Committee has amended this measure by:

- (1) Increasing the annual deposit ceiling of the tax administration special fund to \$2,000,000;
- (2) Authorizing the use of tax administration special fund moneys to fund support staff positions in the Special Enforcement Section of the Department of Taxation;
- (3) Authorizing the Department of Taxation to establish five full-time equivalent (5.0 FTE) positions within the Special Enforcement Section; and
- (4) Changing the effective date from July 1, 2030, to July 1, 2018.

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 H.B. No. 2396, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2396, H.D. 1, 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,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB2396, HDI	WAM	3/13/18		
<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
DELA CRUZ, Donovan M. (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)				✓
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.	✓			
KAHELE, Kaiali'i	✓			
KIDANI, Michelle N.	✓			
RIVIERE, Gil	✓			<del>✓</del>
SHIMABUKURO, Maile S.L.	<del>✓</del>			✓
WAKAI, Glenn	✓			
<b>TOTAL</b>	9			2
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