
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that a professional or
2 vocational license grants certain benefits and protections to a
3 license holder. However, a professional or vocational license
4 holder should not be entitled to these benefits and protections
5 unless the license holder is complying with the laws of the
6 State, including the payment of taxes.

7 The legislature finds that requiring tax clearances for
8 certain transactions is not new or unique. In Hawaii, a tax
9 clearance is required for certain state contracts, including
10 those over \$25,000, for procuring a liquor license, and in
11 certain other instances. Requiring a tax clearance to be
12 submitted with the application for or renewal of a professional
13 or vocational license ensures that the holder of a license
14 granted by the State is in compliance with state tax laws.

15 The legislature further finds that improvements resulting
16 from the department of taxation's tax modernization program have
17 automated the bulk of tax clearances issued by the department of



1 taxation. Further, the new state data portal can incorporate a
2 tax clearance requirement for the renewal of professional and
3 vocational licenses.

4 The purpose of this Act is to improve tax compliance by
5 requiring a tax clearance before a professional or vocational
6 license may be issued or renewed.

7 SECTION 2. Chapter 231, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 **"§231- Tax clearance before issuance and renewal of**
11 **professional and vocational licenses. No professional or**
12 **vocational license issued by the department of commerce and**
13 **consumer affairs shall be issued or renewed unless the applicant**
14 **presents to the issuing agency a certificate signed by the**
15 **director of taxation, showing that the applicant:**

- 16 (1) Does not owe the State any delinquent taxes,
17 penalties, or interest;
- 18 (2) Has entered into and is complying with an installment
19 plan agreement with the department of taxation for the
20 payment of delinquent taxes in installments; or
- 21 (3) Is not subject to income tax in Hawaii."



1 SECTION 3. Chapter 436B, Hawaii Revised Statutes, is
2 amended by adding a new section to part III to be appropriately
3 designated and to read as follows:

4 "§436B- Tax clearance before issuance and renewal of
5 professional and vocational licenses. No professional or
6 vocational license issued by the department shall be issued or
7 renewed unless the applicant presents to the issuing agency a
8 certificate signed by the director of taxation, showing that the
9 applicant:

- 10 (1) Does not owe the State any delinquent taxes,
11 penalties, or interest;
12 (2) Has entered into and is complying with an installment
13 plan agreement with the department of taxation for the
14 payment of delinquent taxes in installments; or
15 (3) Is not subject to income tax in Hawaii."

16 SECTION 4. The department of taxation shall prepare any
17 forms necessary for the tax clearance required pursuant to this
18 Act.

19 SECTION 5. This Act does not affect rights and duties that
20 matured, penalties that were incurred, and proceedings that were
21 begun before its effective date.



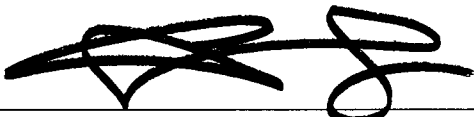
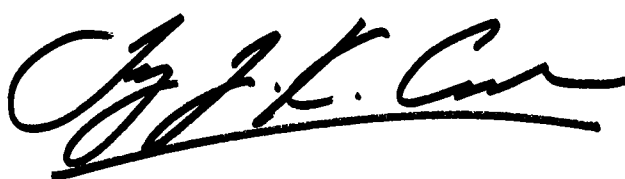
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1 SECTION 6. New statutory material is underscored.

2 SECTION 7. This Act, upon its approval, shall apply to
3 taxable years beginning after December 31, 2020.

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INTRODUCED BY: _____

JAN 17 2019



H.B. NO. 112

Report Title:

Tax Clearance; Professional or Vocational License

Description:

Requires a tax clearance before a professional or vocational license may be issued or renewed. Applies to taxable years after 12/31/2020.

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