

JAN 24 2019

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# 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 also finds that requiring tax clearances  
8 for 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 licensing authority 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 be appropriately designated  
3 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 licensing authority  
8 a certificate signed by the director of taxation, showing that  
9 the 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.



# S.B. NO. 1114

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, 2019.

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INTRODUCED BY: ~~SEN~~ SC Rich-Danna



# S.B. NO. 1114

**Report Title:**

Taxation; Department of Taxation; Professional License;  
Vocational License; Renewal; Issuance; Tax Clearance

**Description:**

Requires a tax clearance before renewal or issuance of a  
professional or vocational license.

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