

JAN 18 2019

A BILL FOR AN ACT

RELATING TO CONTRACTING.

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

1 SECTION 1. Chapter 46, Hawaii Revised Statutes, is amended
2 by adding a new section to be appropriately designated and to
3 read as follows:

4 "§46- Private building developments; tax clearances.

5 (a) No building license shall be granted for a private
6 development valued at greater than \$, unless the
7 applicant has presented to the issuing officer tax clearances
8 from the director of taxation and the Internal Revenue Service
9 on behalf of the building contractor and any subcontractors.

10 The issuing officer shall verify that all contractors and
11 subcontractors have filed all tax returns due, and that all
12 taxes, interest, and penalties levied against the contractor and
13 subcontractors or accrued under title 14 that are administered
14 by the department of taxation and under the Internal Revenue
15 Code have been paid. The director of taxation may waive the
16 Internal Revenue Service tax clearance requirement if the



1 director determines that it is in the best interest of the
2 State.

3 (b) Any assignment of a contract for a private development
4 valued at greater than \$ shall require the assignee, as
5 a condition precedent to the assignment, to first obtain a bulk
6 sales certificate if required under section 237-43, and present
7 the certificate, or tax clearance as provided under subsection
8 (a) if a bulk sales certificate is not required, to the state or
9 county contracting officer or agent.

10 (c) All state and county contracting officers or agents
11 shall withhold final inspection of a private development valued
12 at greater than \$ until the receipt of the most recent
13 tax clearances from the director of taxation and the Internal
14 Revenue Service on behalf of the building contractor and any
15 subcontractors.

16 (d) This section shall not apply to a contractor or
17 subcontractor if the department of taxation certifies that the
18 contractor or subcontractor is in good standing under a plan in
19 which delinquent taxes, interest, and penalties are being paid
20 to the department of taxation or the Internal Revenue Service,
21 if applicable, in installments.



1 (e) Any officer or employee of any governmental agency who
 2 intentionally or knowingly violates any provision under this
 3 section shall be fined not more than \$1,000 or imprisoned not
 4 more than one year, or both.

5 (f) This section shall not apply to the extent and during
 6 the period that the validity of the taxes, penalties, or
 7 interest is being contested in an administrative or judicial
 8 appeal with the department of taxation or Internal Revenue
 9 Service."

10 SECTION 2. There is appropriated out of the general
 11 revenues of the State of Hawaii the sum of \$ or so much
 12 thereof as may be necessary for fiscal year 2019-2020 and the
 13 same sum or so much thereof as may be necessary for fiscal year
 14 2020-2021 for grants-in-aid to the counties for the enforcement
 15 of section 46- , Hawaii Revised Statutes, to be allocated as
 16 follows:

- 17 (1) \$ to the county of Hawaii;
- 18 (2) \$ to the city and county of Honolulu;
- 19 (3) \$ to the county of Kauai; and
- 20 (4) \$ to the county of Maui.



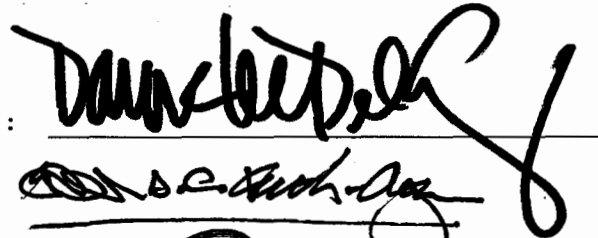
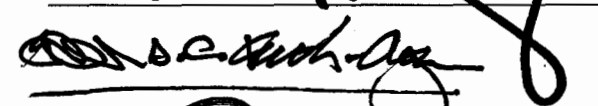

1 The sums appropriated shall be expended by the department
2 of budget and finance for the purposes of this Act.

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect on July 1, 2019.

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INTRODUCED BY:



Report Title:

Contracting; Private Developments; Tax Clearance

Description:

Requires contractors and subcontractors to submit tax clearances as a condition of obtaining building permits for private developments exceeding a certain value. Requires contractors and subcontractors to submit additional tax clearances before final inspection of private developments exceeding a certain value.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

