

STAND. COM. REP. NO.

1120

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 397
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 397, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTING,"

begs leave to report as follows:

The purpose and intent of this measure is to ensure that certain contractors and subcontractors comply with applicable state and federal tax laws.

Specifically, this measure:

- (1) Requires, for a private development exceeding a certain value, the submittal of tax clearances, or a bulk sales certificate, if applicable, for any contractors or subcontractors involved in the private development prior to:
 - (A) The granting of a building permit;
 - (B) Assignment of the development contract; or
 - (C) Final inspection by a state or county contracting officer; and



- (2) Establishes penalties for intentional or knowing violations by government officers or employees.

Your Committee received written comments in opposition to this measure from the Department of Planning and Permitting of the City and County of Honolulu.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the requirement to obtain a valid tax clearance prior to the issuance of certain permits will verify that certain contractors and subcontractors have no liability for unpaid state or federal taxes.

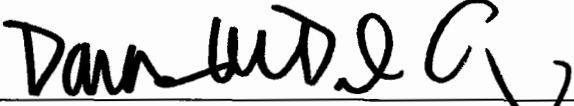
Your Committee has amended this measure by:

- (1) Providing that the requirements to provide a tax clearance shall apply to private developments valued at \$195,000 or greater;
- (2) Requiring the tax clearances submitted prior to the final inspection of a private development to be dated no earlier than forty-five days before the date of the request for a final inspection;
- (3) Changing the unspecified sum for grants-in-aid to the counties for enforcement of the measure to \$3,000 for each year of the biennium and specifying the allocation;
- (4) Inserting a savings clause; and
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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. 397, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 397, S.D. 2.



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




DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 397, SD 1	Committee Referral: PSM, WAM	Date: 2/22/19		
<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)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
TOTAL	11			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