

STAND. COM. REP. NO. 888

Honolulu, Hawaii

MAR 05 2021

RE: S.B. No. 1196
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1196, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to facilitate employer compliance with income tax withholding requirements.

Specifically, the measure:

- (1) Changes from the last day of February to January 31 following the close of a calendar year the deadline for an employer to file a duplicate of an employee's wage and tax statement with the Department of Taxation; and
- (2) Subjects an employer to monetary penalties if the employer fails to timely furnish the wage and tax statement to an employee; fails to timely file the statement; or fails to file the statement electronically, if so required by law.

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

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



Your Committee finds that existing state tax law imposes no penalty upon an employer for failing to furnish an employee with the employee's wage and tax statement or failing to file a duplicate of that statement with the Department of Taxation. Your Committee believes that appropriate penalties would encourage compliance with applicable income tax law. Your Committee additionally finds that aligning the state filing deadline with the deadline established by the Internal Revenue Service will facilitate filing of duplicate statements by employers.

Your Committee has amended this measure by:

- (1) Specifying that an employer shall be subject to a monetary penalty if the employer wilfully fails to furnish a wage and tax statement to an employee by the due date; and
- (2) 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. 1196, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1196, S.D. 2.

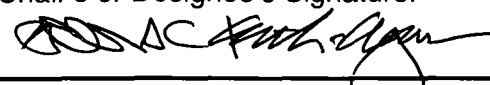
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1196, SD 1	JDC, WAM	3/2/21		
<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			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	11			
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