

STAND. COM. REP. NO. 599

Honolulu, Hawaii

FEB 22 2021

RE: S.B. No. 148
S.D. 1

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

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 148 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to require certain landlords, lessors, or plaintiffs in a summary possession action to provide proof of payment of taxes due to the State as a condition of the issuance of a writ of possession.

Your Committee received testimony in support of this measure from one individual. Your Committee received testimony in opposition to this measure from the Hawaii Association of REALTORS. Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that under current law, it is possible for landlords in irregular landlord-tenant arrangements, such as work-for-room-and-board or rent-to-own arrangements, to take advantage of summary possession proceedings instead of foreclosure actions without paying the taxes required in normal long- or short-term lease situations. Your Committee acknowledges that tax returns indicate the amount of income reported and the amount of tax owed but do not indicate the actual source of income. However, your Committee further finds that demonstrating general



excise tax licensure in good standing can be an indicator of compliance with state general excise tax laws in general.

Your Committee has amended this measure by:

- (1) Requiring only a general excise tax license in good standing as a condition to the issuance of a writ of possession; and
- (2) Inserting an effective date of May 6, 2137, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 148, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 148, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



