

Honolulu, Hawaii

, 2021

FEB 17

RE: H.B. No. 1044

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred  
H.B. No. 1044 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the Department of Taxation to mandate the electronic filing for certain partnerships, S-corporations, and individual tax returns;
- (2) Require certain tax return preparers to file returns electronically;
- (3) Amend the requirements for filing and payment of taxes by electronic funds transfer;
- (4) Amend the penalty for failure to file electronically;
- (5) Remove the fee for certified copies of tax clearances;
- (6) Authorize the limited disclosure of liquor licensees' tax clearances; and



- (7) Clarify the interest rate for payments made to taxpayers out of the Litigated Claims Fund.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that electronic filing of tax returns improves accuracy, timeliness, and efficiency. This measure is intended to encourage increased usage of electronic filing by entities having the ability and sophistication to easily comply with electronic filing requirements. Additionally, this measure is intended to provide clarification by establishing fixed interest rates for payments made to taxpayers out of the Litigated Claims Fund.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1044, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1044, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development,



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SEAN QUINLAN, Chair



