

STAND. COM. REP. NO.

1233

Honolulu, Hawaii

MAR 23, 2021

RE: S.B. No. 1198
S.D. 2
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
S.B. No. 1198, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Allow the Department of Taxation to mandate the electronic filing of certain partnership, S-corporation, and individual tax returns;
- (2) Requires certain tax return preparers to file returns electronically;
- (3) Amend the requirements for filing and payment of taxes by electronic funds transfer;
- (4) Require electronic funds transfers for tax return preparers and any person subject to mandatory electronic filing;
- (5) Remove the timeliness requirement from the electronic funds transfer penalty;

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- (6) Remove the authority of the Department of Taxation to charge for certified copies of tax clearances;
- (7) Authorize the limited disclosure of liquor licensees' tax clearances;
- (8) Clarify the interest rate for payments made to taxpayers out of the Litigated Claims Fund; and
- (9) Expand the permissible uses of the Tax Administration Special 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.

Your Committee has amended this measure by 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 S.B. No. 1198, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1198, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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



SEAN QUINLAN, Chair



