

Honolulu, Hawaii

MAR 22, 2022

RE: S.B. No. 2377
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred S.B. No. 2377, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE TAX EXAMINATIONS,"

begs leave to report as follows:

The purpose of this measure is to establish a penalty for failure to respond to an inquiry or request during a state tax inspection or examination.

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

Your Committee finds that existing law is silent regarding a taxpayer who fails to respond to the Department of Taxation's inquiry or request for information during an inspection or examination of records. This measure will ensure that the Department of Taxation can effectively carry out its investigations, thereby promoting taxpayer compliance and efficient tax administration.



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. 2377, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2377, S.D. 1, 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



