

STAND. COM. REP. NO.

2866

Honolulu, Hawaii

MAR 04 2022

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2377 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish a civil penalty for a failure to respond or reply within a timely manner to the Department of Taxation's correspondence or inquiry during an official inspection or examination of records.

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

Your Committee received written comments in opposition to this measure from one individual.

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

Your Committee finds that, during a state tax examination, auditors of the Department of Taxation will typically request that a taxpayer provide information and documents. If this information is not provided in a timely manner, the auditors may need to make assessments based on the best available information, which may result in the use of arbitrary or inaccurate assumptions. Your Committee believes that this measure will provide the Department



of Taxation with tools and resources to help promote taxpayer compliance and efficient tax administration.

Your Committee has amended this measure by:

- (1) Adding a savings clause; and
- (2) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

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

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



DONOVAN M. DELA CRUZ, Chair



