STAND. COM. REP. NO. 20 -22

Honolulu, Hawaii

, 2022

MAR 2 2 RE: S.B. No. 2379 S.D. 2 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. 2379, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE SPECIAL ENFORCEMENT SECTION,"

begs leave to report as follows:

The purpose of this measure is to authorize the Special Enforcement Section of the Department of Taxation to:

- (1) Examine any sector of the State's economy;
- (2) Initiative civil investigations to ensure proper payment of all taxes due;
- (3) Use enforcement and education to deter and prevent noncompliance with state taxation laws; and
- (4) Refer and recommend cases or examinations of segments of the economy to Department of Taxation Auditors.

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.



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Your Committee finds that the Special Enforcement Section of the Department of Taxation was originally established to give the Department necessary resources and tools to target high-risk, cash-based transactions to ensure compliance with state tax laws. Your Committee further finds that the duties of the Special Enforcement Section need to be updated to reflect current policies and practices of the Department of Taxation. This measure would update the Special Enforcement Section's legal authority, thereby ensuring compliance with state tax laws and promoting fairness and transparency for Hawaii's taxpayers.

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. 2379, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2379, 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,



State of Hawaii House of Representatives The Thirty-first Legislature



Record of Votes of the Committee on Economic Development

Bill/Resolution No.:			ate:	
SB 2379 SD2 ECD, FIN 3/18/22				
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: □ Pass, unamended (as is) ☑ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)				
2. HOLT, Daniel (VC)				
3. BELATTI, Della Au		1	alate as a stick all of the adde all the	
4. KOBAYASHI, Dale T.				
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5. ONISHI, Richard H.K.				
6. SAYAMA, Jackson D.			in <u>Maria Andria Indonesia Etai (k. 1966).</u> Andria	and and antiferromagnetic second a second
7. TAKAYAMA, Gregg				
8. OKIMOTO, Val		almant the product of the second s	z velike i klivite i state de Nationalistication	a and an interview of the second s
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	5			
TOTAL (8)	~8	Õ	6	6
The recommendation is: Adopted Not Adopted If joint referral,				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				