

ACT 206

H.B. NO. 407

A Bill for an Act Relating to the General Excise Tax.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that in a number of cases over the years, contractors from the United States mainland who are working on federal construction projects in Hawaii have failed to pay general excise taxes, even, in some cases, when their contracts with the federal government specifically requires them to pay applicable state and local taxes. The legislature further finds that the department of taxation has joined forces with the local business and labor community to develop various strategies to collect general excise taxes.

The purpose of this Act is to ensure that contractors working on federal construction projects in Hawaii pay state general excise taxes by:

- (1) Requiring the department of taxation to continue working with the federal government, local businesses, and the labor community to devise a system to enforce the collection of these taxes;
- (2) Requesting the assistance of the federal government;

- (3) Authorizing the director of taxation to contract with bonded collection agencies, licensed attorneys, accountants, auditors, or other persons to pursue and collect claims for delinquent general excise taxes or other collection provisions under chapter 231, Hawaii Revised Statutes; and
- (4) Requiring a report to the legislature on the need for any proposed legislation.

SECTION 2. The director of taxation shall develop a system to determine when contractors from the United States mainland are present in Hawaii to work on federal projects, including the starting and anticipated completion dates for these contracts, to enforce the laws relating to the collection of general excise taxes on these contractors that may be required under chapter 237, Hawaii Revised Statutes.

The United States government is requested to provide the information necessary to ascertain the names and work dates of United States mainland contractors working on federal projects. The director of taxation shall work with the United States government to establish this information to enforce and collect taxes owed to the State.

The director of taxation may contract with bonded collection agencies, licensed attorneys, accountants, auditors, or other persons to pursue and collect claims of the State when the mainland contractor, who owes delinquent general excise taxes or is subject to other provisions under chapter 231, Hawaii Revised Statutes, has moved back to the United States mainland.

(d) The director of taxation may adopt rules pursuant to chapter 91 to implement this section.

SECTION 3. The director of taxation shall report its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days before the convening of the regular session of 2002.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 2, 2001.)