

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 828
H.D. 2
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committees on Economic Development and Technology and
Judiciary and Labor, to which was referred H.B. No. 828, H.D. 2,
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish conditions for inspections of required records
and receipts of cash business transactions;
- (2) Clarify state of mind for a violation of record and
receipt requirements;
- (3) Allow business transaction records to be hand written or
generated by a manually operated or electronic cash
register;
- (4) Limit to \$100 the fine for a violation if the person is
otherwise in compliance with tax laws; and
- (5) Repeal the failure to record transaction by register
provisions.

Your Committees received testimony in opposition to this
measure from the Department of Taxation. Your Committees received
comments on this measure from the Tax Foundation of Hawaii.



Your Committees have heard concerns raised by the Department of Taxation that this measure would impede the Department's efforts to collect general excise taxes owed to the State, particularly those identified as due from the "cash economy". Your Committees are in agreement that some of the provisions in this measure would hamper the work of the Department's Special Enforcement Section, and have amended this measure accordingly.

However, your Committees are also concerned that the Department of Taxation does not have sufficient statistical information to determine how effective their current efforts have been to meet the expectations of Act 134, Session Laws of Hawaii 2009, the "Cash Economy Enforcement Act of 2009". As such, your Committees encourage the Department to provide the public with more comprehensive information regarding the success of the Act, particularly the realization of additional general excise tax revenue for the State.

Your Committees have amended this measure by:

- (1) Deleting section 1, which would have established conditions for inspections of required records and receipts of cash business transactions;
- (2) Deleting "knowingly" from the provisions related to failure to record receipts and records of business transactions; and
- (3) Limiting fines for violations if a person is otherwise in compliance with tax laws to a level commensurate with the violation, as determined by the Department of Taxation in accordance with rules adopted under chapter 91, Hawaii Revised Statutes.

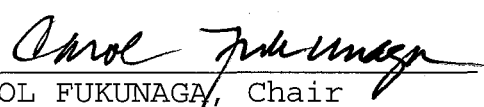
As affirmed by the records of votes of the members of your Committees on Economic Development and Technology and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 828, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 828, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Technology and
Judiciary and Labor,



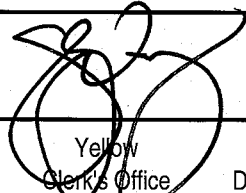
CLAYTON HEE, Chair



CAROL FUKUNAGA, Chair

The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 828 HD2 EDT/SDL, WAM		5/23/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
		<input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
SOLOMON, Malama	✓			
SLOM, Sam				✓
TOTAL	4	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* HD828, HDZ	Committee Referral: EDT / JDL, WAM	Date: 3/23/11 <i>ms</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les				✓
SLOM, Sam	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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