

STAND. COM. REP. NO.

492

Honolulu, Hawaii

MAR 03 2011

RE: S.B. No. 754
S.D. 1

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 754 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the priority of distribution for partial tax payments.

Specifically, the measure changes the priority of distribution for partial tax payments from being credited first to interest, then penalties, and finally to principal, to principal first, then penalties, then interest.

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

Your Committee finds that a 2010 small business working group recommended amending the distribution of partial payment of taxes to principal first, then penalties, then interest. This measure will support the findings of the working group and help taxpayers who are only able to make partial tax payments to make headway in fulfilling their total tax obligation to the State.

Your Committee has amended this measure by:

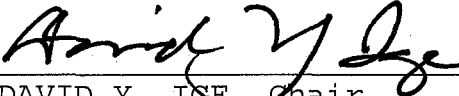
- (1) Changing the effective date to January 1, 2013, to provide sufficient time for the Department of Taxation to implement the changes; and



(2) Making technical nonsubstantive amendments.

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. 754, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 754, S.D. 1, and be placed on the calendar for Third Reading.

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

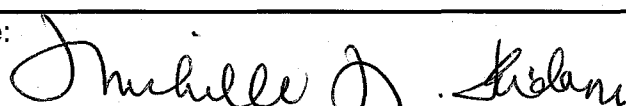


DAVID Y. ISE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 754	WAM	2-22-11		
<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
IGE, David Y. (C)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.	/			
ENGLISH, J. Kalani				/
ESPERO, Will				/
FUKUNAGA, Carol	/			
KIM, Donna Mercado	/			
KAHELE, Gilbert	/			
KOUCHI, Ronald D.	/			/
RYAN, Pohai	/			
TOKUDA, Jill N.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			
TOTAL	11	0	0	3
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