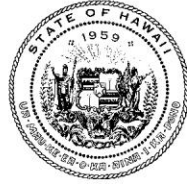


NEIL ABERCROMBIE
GOVERNOR

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LT. GOVERNOR



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FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Thursday, March 14, 2013
Time: 2:00 p.m.
Place: Conference Room 308, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. No. 1192 S.D. 1 Relating to Collection of Taxes

The Department of Taxation (Department) **strongly supports** S.B. 1192 S.D. 1.

S.B. 1192, S.D. 1 increases the amount of time that the Department has to sell property that has been seized due to a failure of the taxpayer to pay delinquent taxes, and provides for a tolling of the time period if any party commences an action concerning the seized property. The measure is effective upon approval.

At the present time, the Department has only thirty days to sell property that has been seized for non-payment of taxes. This time frame is unrealistic, as the Department must find an auctioneer or other person to sell the property, properly notice the sale, and make arrangements for safe storage of the seized property.

Moreover, if a party claims to be the true owner of the property and makes a claim to the seized property, a court determination must be made on the matter before any sale can occur. By the time any determination has been made, the time for selling the property under the current law would have passed and the Department would have to start the process all over again. The net result is that seizing and selling property is currently not a viable option for the Department.

Thank you for the opportunity to provide comments.

TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

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SUBJECT: ADMINISTRATION, Sale of seized property

BILL NUMBER: SB 1192, SD-1

INTRODUCED BY: Senate Committee on Ways and Means

BRIEF SUMMARY: Amends HRS section 231-25(b) to increase the time that the department of taxation has to sell seized property due to the failure of a taxpayer to pay delinquent taxes from 30 days to 180 days and within 45 days due to any extension of time granted. The time period shall be tolled during the pendency of any action commenced by any person relating to the seized property.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: This is an administration measure submitted by the department of taxation TAX-10 (13). The proposed measure would increase the time that the department of taxation has to dispose of and sell seized property due to nonpayment of taxes, allowing the department to deal with any appeal that may be brought by the taxpayer and still have time in which to dispose of the property should the department be successful in fending off the appeal. While the measure would allow the toll of any time period, consideration should be given to ensure that appeals by the taxpayer are processed within a reasonable time period to reach a settlement or decision, since without any time restrictions an appeal may be conducted without any expediency.

Digested 3/12/13