

S.B. NO. 1604

JAN 25 2017

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**A BILL FOR AN ACT**

RELATING TO ELECTRONIC PAYMENT OF TAXES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 231-9.9, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:  
3           "(a) The director of taxation is authorized to require  
4 every person whose tax liability for any tax type for any one  
5 taxable year exceeds [~~\$100,000~~] \$40,000 and who files a tax  
6 return for any tax, including consolidated filers, to remit  
7 taxes by one of the means of electronic funds transfer approved  
8 by the department [~~; provided that for withholding taxes under~~  
9 ~~section 235-62, electronic funds transfers shall apply to annual~~  
10 ~~tax liabilities that exceed \$40,000~~]. Notwithstanding the tax  
11 liability thresholds in this subsection, the director of  
12 taxation is authorized to require any person who is required to  
13 electronically file a federal return or electronically remit any  
14 federal taxes to the federal government, to electronically file  
15 a state return and electronically remit any state taxes under  
16 title 14 to the department. The director is authorized to grant

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1 an exemption to the electronic filing and payment requirements  
2 for good cause."

3 SECTION 2. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act, upon its approval, shall apply to  
6 taxable years beginning after December 31, 2017.

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INTRODUCED BY:

*Ann. M.*

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BY REQUEST

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**Report Title:**

Taxation; Electronic Filing and Payment of Taxes

**Description:**

Reduces the threshold amount for electronic funds transfers of taxes. Clarifies the thresholds are per tax type.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

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## JUSTIFICATION SHEET

DEPARTMENT: Taxation

TITLE: A BILL FOR AN ACT RELATING TO ELECTRONIC PAYMENT OF TAXES.

PURPOSE: Lower the threshold dollar amount to require taxpayers whose tax liability exceeds \$40,000 in one year to transfer these amounts via electronic funds transfer and clarify that the thresholds are per tax type.

MEANS: Amend section 231-9.9(a), Hawaii Revised Statutes.

JUSTIFICATION: The Department will soon be able to accept electronic funds transfers more efficiently and for less cost. The efficiencies and lower costs for the Department and taxpayers justifies the lower threshold. The Department further finds that electronic funds transfer is the most efficient and safest method of tax payment.

Impact on the public: More taxpayers may be required to pay using electronic funds transfer. The taxpayers who are required to transfer funds electronically will have certainty that their payments were sent and received by the Department.

Impact on the department and other agencies: Electronic funds transfer is the most efficient method of payment for the Department. Lowering the dollar threshold for electronic funds transfers will result in a greater number of taxpayers using this method of payment.

GENERAL FUND: Pending.

OTHER FUNDS: None.

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OTHER AFFECTED  
AGENCIES:

None.

EFFECTIVE DATE:

Upon approval. Applies to taxable years  
beginning after December 31, 2017.