

STAND. COM. REP. NO.

2226

Honolulu, Hawaii

FEB 12 2018

RE: S.B. No. 2506
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2506 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to promote tax compliance by increasing from five percent to nine percent the percentage of income tax withheld on the amount realized by nonresidents from the disposition of Hawaii real property.

Your Committee received testimony in support of this measure from the Hawaii Association of Public Accountants and two individuals.

Your Committee received testimony in opposition to this measure from one individual.

Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and one individual.

Your Committee finds that it is difficult and costly to collect unpaid taxes from nonresident sellers of Hawaii real estate. Your Committee further finds that this measure will allow the State to recover taxes from nonresident sellers who fail to



file Hawaii tax returns and pay applicable taxes generated by income from the property sold.

Your Committee has amended this measure by:

- (1) Changing the withholding rate from nine percent to 7.25 percent; and
- (2) Providing that the Act shall apply to real estate dispositions that occur on or after September 15, 2018.

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. 2506, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2506, 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,

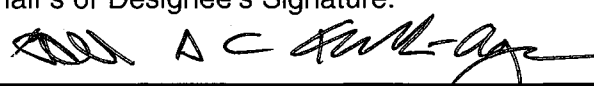


DONOVAN M. DELA CRUZ, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2506	WAM	1/29/18		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KIDANI, Michelle N.				X
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
TOTAL	9			2
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	

*Only one measure per Record of Votes