

# Hawaii Enacts Fee For Tax Clearance Application

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Hawaii Governor Neil Abercrombie signed Senate Bill 2868 SD 1 HD 1 into law on June 28, 2012, as [Act 180 of 2012](#).

Act 180 permits the Department of Taxation to charge a \$20 fee for a tax clearance application and an additional \$5 fee for each certified copy of the tax clearance.

Act 180 is effective on June 28, 2012, and applies to all requests for clearances and requests for certified copies received on or after July 1, 2012.

According to Testimony by the Director of the Department of Taxation, the imposition of the fee is part of a strategy of the Department to force the e-filing of tax forms and payments. The Director testified to the Legislature that e-filing would continue to be free and that the \$20/\$5 was for paper requests. See, [Testimony](#) Of Director Frederick D. Pablo on 2/10/2012.

The Legislature initially provided that electronic applications would be free. See, [SB 2868 SD 1](#). This language did not survive into Act 180 and the Department may impose the fees as it determines appropriate.

Tax clearances are routinely required for bi-annual contractor's and annual liquor license renewals. According to Director Pablo, the Department of Taxation processes 30,000 requests and makes 60,000 certified copies per year, each request taking 15-30 minutes of staff time. No testimony was offered as to the additional staff time required to process the payments for tax clearances or whether the fee would recover those costs.

Tax clearances may be denied for a variety of reasons including unfiled returns and unpaid tax balances.

**June 29, 2012 @ Honolulu, Hawai'i**

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