

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1678
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1678, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to allow Hawaii to participate in the Streamlined Sales and Use Tax Agreement.

Specifically, this measure:

- (1) Moves the one-half of one per cent tax rate for wholesale transactions to a new chapter;
- (2) Adds a new chapter on the taxation of imports of property, services, and contracting;
- (3) Moves the 0.15 per cent tax on insurance producers to a new chapter; and
- (4) Eliminates the tax on businesses owned by disabled persons.

Your Committee received five written comments on this measure. The written comments may be reviewed on the Legislature's website.

Your Committee finds that Act 173, Session Laws of Hawaii 2003, the Hawaii Simplified Sales and Use Tax Administration Act



allowed the State to become a participating member of the National Streamlined Sales Tax Project. The Project was intended to prepare member states to participate in the Streamlined Sales and Use Tax Agreement. Participation in the Agreement would allow the State to level the playing field with respect to assisting local businesses to better compete with mail order and internet sellers who may not necessarily be paying their fair share of state taxes. Participation in the Agreement would also assist the State in the collection of additional revenue to address a projected budgetary shortfall and reduced projected tax collections.

Your Committee finds that as a final step to the State's participation in the Agreement, this Act provides the necessary legislation to conform certain state tax laws to the requirements of the Streamlined Sales and Use Tax Agreement.

Your Committee has amended the measure by:

- (1) Correcting drafting errors with respect to the text of the Hawaii Revised Statutes; and
- (2) Making technical amendments for purposes of clarity and style.

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. 1678, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1678, S.D. 2.

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

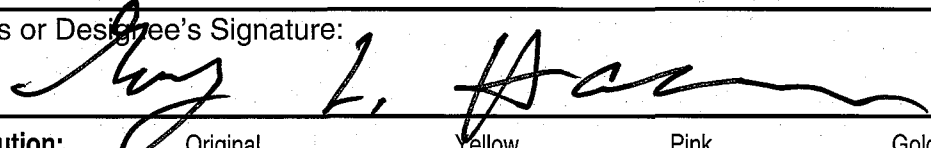


DONNA MERCADO KIM, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1678 SDI	EDT, WAM	2/26/09		
<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
KIM, Donna Mercado (C)	✓			
TSUTSUI, Shan S. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
ENGLISH, J. Kalani	✓			
FUKUNAGA, Carol	✓			
GALUTERIA, Brickwood	✓			
HEE, Clayton				✓
HOOSER, Gary L.	✓			
KIDANI, Michelle N.	✓			
KOKUBUN, Russell S.	✓			
TOKUDA, Jill N.	✓			
HEMMINGS, Fred			✓	
TOTAL	9		1	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