

Honolulu, Hawaii

, 2010

APR 22 2010

RE: S.B. No. 1230  
S.D. 2  
H.D. 1  
C.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1230, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to clarify the definition of large and little cigars for purposes of application of the general excise tax. In addition, this measure limits the general excise tax on the wholesale price of each cigar sold, used, or possessed by a wholesaler or dealer to large cigars.

Currently, Hawaii law taxes cigars based on the cigar's ring gauge. This has resulted in the unintended consequence of enabling the misclassification of large and little cigars, resulting in the loss of tax revenue to the State. Your Committee on Conference finds that by defining "little cigar" and "large cigar" by weight rather than by ring gauge, this measure appropriately defines these



products in line with how the other states and the federal government define these products for tax purposes. In this way, among others, this measure provides needed clarity to ensure that the tax on these products is applied as intended, thus enabling the State to realize the revenues to which it is statutorily entitled.

Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity and accuracy.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1230, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1230, S.D. 2, H.D. 1, C.D. 1.

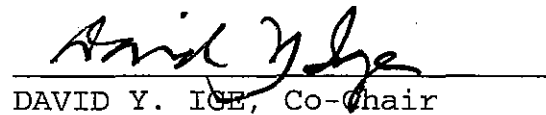
Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

  
MARCUS R. OSHIRO, Chair

  
ROSALYN H. BAKER, Chair

  
DAVID Y. ICE, Co-Chair

  
DONNA MERCADO KIM, Co-Chair



