

STAND. COM. REP. NO. 978

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 1183
H.D. 2
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Development and Technology, to which was referred H.B. No. 1183, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Create a nexus standard for taxing out-of-state businesses on their business activities in Hawaii;
- (2) Amends the definition of engaging in business to include local affiliate agreements; and
- (3) Allow out-of-state and in-state businesses to file information regarding sales to residents of the State instead of collecting the general excise tax.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received testimony in opposition to this measure from the Direct Marketing Association; Synertech Media LLC; Performance Marketing Association; Internet Alliance; State Privacy and Security Coalition, Inc.; and Natalie J. Iwasa, CPA, Inc. Your Committee received comments on this measure from the Tax Foundation of Hawaii.



Your Committee previously heard and amended S.B. No. 1355, which establishes provisions to enable the State to participate in the national Streamlined Sales and Use Tax Agreement, and has amended this measure by deleting its contents and replacing them with the language in S.B. No. 1355, S.D. 1. As amended, this measure:

- (1) Adopts amendments to Hawaii tax laws to implement the Streamlined Sales and Use Tax Agreement, to take effect when the State becomes a party to the Streamlined Sales and Use Tax Agreement; and
- (2) Creates a committee to oversee the Department of Taxation's implementation and administration of, and compliance with the Streamlined Sales and Use Tax Agreement.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1183, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1183, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Technology,



CAROL FUKUNAGA, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* HB1183, HD2	Committee Referral: EDT, WAM	Date: 3/23/11		
<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
FUKUNAGA, Carol (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
SOLOMON, Malama	✓			
SLOM, Sam				✓
TOTAL	4	0	0	1
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