

STAND. COM. REP. NO. **3251**

Honolulu, Hawaii

APR 03 2014

RE: H.B. No. 2507
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2507, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MARKETPLACE FAIRNESS,"

begs leave to report as follows:

The purpose and intent of this measure is to provide an alternative to Hawaii becoming a member state under the Streamlined Sales and Use Tax Agreement.

More specifically, this measure authorizes the Department of Taxation to establish administrative rules for the development and simplification of procedures necessary to require businesses that have no nexus with the State to collect and remit general excise and use taxes to the State.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, The Chamber of Commerce of Hawaii, and Walgreen Co. The Department of Taxation, Tax Foundation of Hawaii, and Grassroot Institute of Hawaii submitted comments on the measure.

Your Committee finds that the Marketplace Fairness Act of 2013 is proposed legislation pending in the United States Congress that would enable a state to collect sales and use taxes from businesses that have no nexus with the state. If enacted, the Marketplace Fairness Act would authorize states to collect these taxes by becoming member states of the Streamlined Sales and Use

HB2507 SD1 SSCR LRB 14-2283.doc



Tax Agreement. Alternatively, a state that is not a member state of the Streamlined Sales and Use Tax Agreement would be authorized to collect these taxes if the state adopted and implemented certain minimum simplification requirements. Your Committee further finds that this measure proactively implements the minimum simplification requirements described in the Marketplace Fairness Act.

Your Committee has amended this measure by:

- (1) Requiring remote sellers to collect and remit use tax on remote sales into the State if the United States Congress authorizes states to require such collection;
- (2) Providing that the measure shall not be deemed to have any effect on analysis of taxpayer nexus with the State;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for the purposes of consistency, 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 H.B. No. 2507, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2507, H.D. 1, 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,



DAVID Y. IGE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2507, HD1	WAM	3-28-14		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes