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To: The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

Date: Tuesday, March 13, 2018
Time: 10:00 A.M.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 1605, H.D. 1, Relating to Amending or Repealing Hawaii General Excise Tax Laws for
the Purpose of Deleting Obsolete or Unnecessary Provisions

The Department of Taxation (Department) supports the intent of H.B. 1605 and provides the following comments for the Committee's consideration.

H.B. 1605, H.D. 1, which is effective on July 1, 2018, amends various provisions relating to the general excise tax (GET) in chapter 237 of the Hawaii Revised Statutes, for the purpose of removing unnecessary or redundant provisions, including:

- Deleting provisions in sections 237-13(1) and (2) relating to the tax on manufacturers and producers for sales of products delivered outside the State;
- Deleting a provision in section 237-13(2) excluding stocks, bonds, and other evidence of indebtedness from the imposition of tax on the sale of tangible personal property; and
- Deleting provisions in section 237-13(3) making the subcontractor deduction applicable to specialty contractors.

The Department appreciates that its suggested amendment was adopted by the House Committee on Finance. The Department notes that this version of the bill does not contain any substantive changes to the law.

Thank you for the opportunity to provide comments.