

Honolulu, Hawaii

, 2019

APR 01

RE: S.B. No. 394

S.D. 1

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 394, 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 amend the way Hawaii taxes multistate business by:

- (1) Replacing the current 3-factor formula for apportionment of business income with a single sales factor; and
- (2) Adopting market-based sourcing for the sale of services and intangible property for apportioning income under the Uniform Division of Income for Tax Purposes Act.

The Department of Taxation and Tax Foundation of Hawaii provided comments.

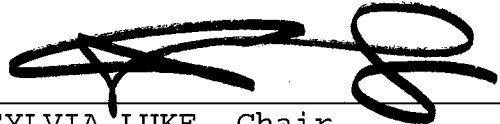
Your Committee has amended this measure by changing the effective date to upon its approval and making it applicable to taxable years beginning after December 31, 2019.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your



Committee is in accord with the intent and purpose of S.B. No. 394, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 394, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



State of Hawaii
House of Representatives
The THIRTIETH Legislature **HSCR 1907**

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB394, SDI	Committee Referral: FIN	Date: 3/15/19
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The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	✓			
2. CULLEN, Ty J.K. (VC)	✓			
3. ELI, Stacelynn K.M.	✓			
4. GATES, Cedric Asuega	✓			
5. HASHIMOTO, Troy N.	✓			
6. HOLT, Daniel	✓			
7. KITAGAWA, Lisa	✓			
8. KOBAYASHI, Bertrand	✓			
9. MATAYOSHI, Scot Z.	✓			
10. NAKAMURA, Nadine K.				✓
11. NISHIMOTO, Scott Y.	✓			
12. TODD, Chris	✓			
13. WILDBERGER, Tina	✓			
14. YAMASHITA, Kyle T.	✓			
15. McDERMOTT, Bob	✓			
TOTAL (15)	14	∅	∅	1

The recommendation is: Adopted Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature:

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