Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 396 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the collection of general excise and use taxes.

More specifically, this measure requires that marketplace facilitators be considered the sellers of tangible personal property and that other sellers who provide a forum for listing tangible personal property for sale report certain information about the purchasers to the Department of Taxation.

Your Committee received testimony in support of this measure from the Department of Taxation and Retail Merchants of Hawaii.

Your Committee received comments on this measure from the Tax Foundation of Hawaii and Amazon.

Your Committee finds that it would be in the State's best interest to ensure a smooth transition for the tax collections required by this measure and to eliminate the need for unnecessary disputes by requiring that marketplace facilitators guarantee certain collection thresholds during the implementation period. Therefore, your Committee recommends that the Department of
Taxation create an implementation plan for the provisions of this measure, but defers to the expertise of the department with regard to the details of that plan.

Your Committee has amended this measure by:

(1) Expanding the scope of the measure to include sales of intangible property and services;

(2) Clarifying the definition of marketplace facilitator to include persons who collect payment from a purchaser either directly or indirectly through an agreement with a third party; and

(3) Making technical nonsubstantive amendments for purposes of clarity, consistency, 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 S.B. No. 396, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 396, 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,

DONOVAN M. DELA CRUZ, Chair
Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.: SB 396
Committee Referral: WAM
Date: 2/6/19

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to:

The Recommendation is:
☐ Pass, unamended 2312
☒ Pass, with amendments 2311
☐ Hold 2310
☐ Recommit 2313

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<tr>
<th>Members</th>
<th>Aye</th>
<th>Aye (WR)</th>
<th>Nay</th>
<th>Excused</th>
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<td>DELA CRUZ, Donovan M. (C)</td>
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<td>KEITH-AGARAN, Gilbert S.C. (VC)</td>
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<td>ENGLISH, J. Kalani</td>
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<td>HARIMOTO, Breene</td>
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<td>INOUYE, Lorraine R.</td>
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<td>KAHELE, Kaiali'i</td>
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<td>FEVELLA, Kurt</td>
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TOTAL 13

Recommendation: ☒ Adopted ☐ 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

Revised: 12/19/18