

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 1196
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1196 entitled:

"A BILL FOR AN ACT RELATING TO CASH ECONOMY ENFORCEMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to require businesses to record all cash-based transactions, except casual sales.

Your Committee received testimony in support of this measure from the Department of Taxation.

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

Section 231-96, Hawaii Revised Statutes, requires a person who conducts more than ten taxable business transactions per day to offer a receipt or other record of the transaction and maintain a record of all business transactions conducted each day. However, your Committee finds that it is possible for taxpayers to conduct less than ten business transactions per day or simply state that the taxpayer has conducted less than ten transactions per day, thereby avoiding the requirement to provide a receipt of the transaction and keep a contemporaneously generated record of the transactions for each day. Accordingly, your Committee believes that it is necessary to require all taxpayers who conduct cash transactions, with the exception of casual sales, to offer a receipt or other record of the transaction and to maintain a



contemporaneously generated record of all business transactions conducted each day.

Your Committee notes that casual sales or isolated sale transactions involving tangible personal property by a person do not require a general excise tax license and therefore are not subject to the provisions of this measure.

Your Committee has amended this measure by:

- (1) Amending the effective date to July 1, 2050, to facilitate continuing discussion on the measure; and
- (2) Making technical nonsubstantive amendments for 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. 1196, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1196, 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:		
SB 1196	WAM	2-12-13		
<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			✓	
TOTAL	<i>Michelle N. Kidani</i> 7	1	2	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
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*Only one measure per Record of Votes