

STAND. COM. REP. NO.

889

Honolulu, Hawaii

March 6, 2015

RE: H.B. No. 968

H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 968, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LIABILITY FOR AMOUNTS PASSED ON AS TAX,"

begs leave to report as follows:

The purpose of this measure is to ensure that taxpayers, who itemize and pass on taxes to consumers, remit those taxes to the State. Specifically, this measure:

- (1) Creates a conclusive presumption that a taxpayer is liable for any amounts passed on to consumers as payment for any tax authorized by title 14, Hawaii Revised Statutes, unless the taxpayer returns the overpayment to the consumer;
- (2) Requires the Department of Taxation to adopt administrative rules stating the maximum rates at which taxes may be passed on to consumers;
- (3) Provides for a civil penalty for passing on taxes in excess of the maximum rates established by administrative rules; and
- (4) Provides for notice to the Department of Commerce and Consumer Affairs of violations.

HB968 HD2 HSCR FIN HMS 2015-2452



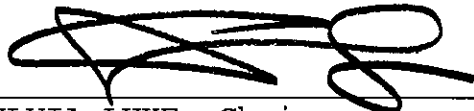
The Department of Taxation provided testimony in support of this measure. A concerned individual opposed this measure. The Tax Foundation of Hawaii and Chamber of Commerce Hawaii submitted comments.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2030, to facilitate further discussion; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 968, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 968, H.D. 2.

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



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SYLVIA LUKE, Chair



