

Honolulu, Hawaii  
**March 2**, 2018

RE: H.B. No. 2416  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2416 entitled:

"A BILL FOR AN ACT RELATING TO TAX ON INTANGIBLE PROPERTY,"

begs leave to report as follows:

The purpose of this measure is to clarify that, for the general excise and use tax, intangible property is sourced to the location where it is used. Specifically, this measure exempts intangible property used outside the State from the general excise tax and imposes use tax on intangible property, acquired from an unlicensed seller, that is used in the State.

The Department of Taxation supported this measure. The Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

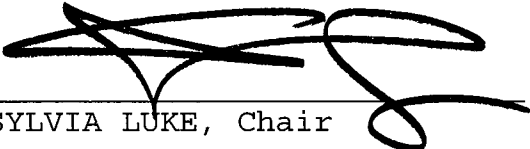
- (1) Changing the effective date to July 1, 2030, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 2416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2416, 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 Twenty-ninth Legislature

HSCR 1033-1B

**Record of Votes of the Committee on Finance**

<b>Bill/Resolution No.:</b> HB 2416	<b>Committee Referral:</b> FIN	<b>Date:</b> 02-01-18		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="checked" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>FIN Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. LUKE, Sylvia (C)	✓			
2. CULLEN, Ty J.K. (VC)	✓			
3. CACHOLA, Romy M.	✓			
4. DeCOITE, Lynn	✓			
5. FUKUMOTO, Beth	✓			
6. GATES, Cedric Asuega	✓			
7. HOLT, Daniel	✓			
8. KEOHOKALOLE, Jarrett	✓			
9. KOBAYASHI, Bertrand	✓			
10. LOWEN, Nicole E.	✓			
11. NAKAMURA, Nadine K.	✓			
12. TODD, Chris	✓			
13. YAMASHITA, Kyle T.	✓			
14. TUPOLA, Andria P.L.	✓			
15. WARD, Gene				✓
<b>TOTAL (15)</b>	<i>14</i>	∅	∅	1
<b>The recommendation is:</b> <input checked="checked" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
<b>Vice Chair's or designee's signature:</b> <i>Ty J.K. Cullen</i>				
<b>Distribution:</b> Original (White) – Committee     Duplicate (Yellow) – Chief Clerk's Office     Duplicate (Pink) – HMSO				