

STAND. COM. REP. NO. **670**

Honolulu, Hawaii

FEB 20 2019

RE: S.B. No. 396
S.D. 1

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



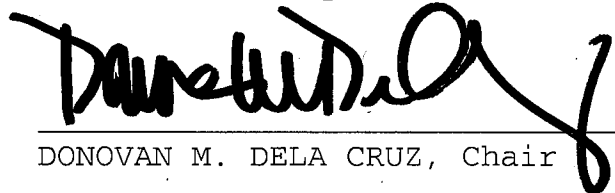
Taxation create an implementation plan for the provisions of this measure, but defers to the expertise of the department with regard to the details of that plan.

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,

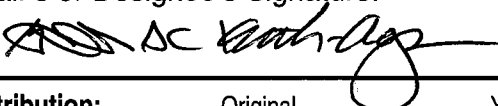


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 396	WAM	2/6/19		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
TOTAL	13			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> 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