

Honolulu, Hawaii

APR 08 , 2022

RE: S.B. No. 2475
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2475, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to clarify that:

- (1) Receipts for transportation or storage of cargo are not exempt under the general excise tax law; and
- (2) Amounts received or accrued for wharfage and demurrage services are exempt under the general excise tax law.

Your Committee received comments on this measure from the Department of Transportation, Department of Budget and Finance, Department of Taxation, Hawaii Harbor Users Group, Tax Foundation of Hawaii, The Pasha Group, and Young Brothers, LLC.

Your Committee finds that Hawaii's general excise tax is intended to be a comprehensive tax that covers nearly all levels of transactions, not just at the point of sale. However, it has been the policy of the legislature that certain transactions should not be taxed. As a result, certain exemptions are recognized under the general excise tax law.

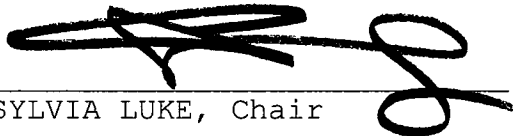


Your Committee has amended this measure by:

- (1) Specifically exempting stevedoring services and related services from the general excise tax;
- (2) Deleting provisions that stated receipts for transportation or storage of cargo are not exempt under the general excise tax law;
- (3) Making it effective upon its approval; and
- (4) Making technical, nonsubstantive amendments for the purposes of 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 S.B. No. 2475, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2475, S.D. 2, 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



Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 2475 SD2	Committee Referral: FIN	Date: 3-31-22		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input 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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. BRANCO, Patrick Pihana	/			
4. ELI, Stacelynn K.M.				//
5. HOLT, Daniel				//
6. ILAGAN, Greggor	/			
7. KOBAYASHI, Bertrand	/			
8. MARTEN, Lisa	/			
9. NISHIMOTO, Scott Y.	/			
10. PERRUSO, Amy A.	/			
11. SAYAMA, Jackson D.	/			
12. TAM, Adrian K.	/			
13. TODD, Chris	/			
14. WILDBERGER, Tina	/			
15. McDERMOTT, Bob				/
TOTAL (15)	12			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				