

Honolulu, Hawaii
Feb 17, 2006

RE: H.B. No. 1789

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 1789
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to provide tax relief to
trusts whose sole beneficiaries are blind, deaf, or disabled.

More specifically, this measure:

- (1) Extends the general excise tax rate of one-half per cent
charged to blind, deaf, or totally disabled persons or
business entities owned by blind, deaf, or totally
disabled persons to trusts with a sole beneficiary who
is blind, deaf, or totally disabled; and
- (2) Exempts from the general excise tax amounts, up to
\$2,000, received by a trust with a sole beneficiary who
is blind, deaf, or totally disabled.

The Department of Taxation submitted comments, but otherwise,
took no position of this measure.

Your Committee notes that the amendment proposed in this
measure is a technical amendment to current tax law. Currently,
general excise tax law provides tax relief for any individual,
corporation, partnership, or limited liability company, the
members of which are blind, deaf, or totally disabled. This



measure would include a trust, the sole beneficiary of which is blind, deaf, or totally disabled, within the current general excise tax relief.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1789 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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



DENNIS A. ARAKAKI, Chair



