

STAND. COM. REP. NO.

1505

Honolulu, Hawaii

APR 04 2007

RE: H.B. No. 1323
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1323 entitled:

"A BILL FOR AN ACT RELATING TO CAPTIVE INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to establish a maximum aggregate premium tax of \$200,000 to be paid by captive insurance companies on their gross premiums.

Your Committee received comments in support of this measure from the Insurance Division, the Bank of Hawaii, and the Hawaii Captive Insurance Council. Comments were received from the Tax Foundation of Hawaii.

Your Committee finds that establishing a maximum premium tax of \$200,000 will encourage more insurance business to be conducted through Hawaii captive insurance companies, and make Hawaii's captive premium tax structure comparable with other competing captive jurisdictions in the United States that have imposed similar limits.

Your Committee has amended this measure by specifying that the 0.05 per cent tax will extend to \$250,000,000 of gross premiums, and that no tax will be imposed on more than \$250,000,000 of gross premiums. In other words, your Committee has amended this measure by specifying that \$250,000,000 is the maximum gross premium amount that will trigger the maximum aggregate premium tax of \$200,000.

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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 H.B. No. 1323, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1323, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



