

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 1840  
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 S.B. No. 1840 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Adopt amendments to Hawaii tax laws to implement the Streamlined Sales and Use Tax Agreement;
- (2) Appropriate unspecified funds to the Office of the Auditor for technical assistance and briefings; and
- (3) Establish a committee of legislative and public members and the Director of Taxation, or a representative thereof, to assist in carrying out the purposes of the Act.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Retail Merchants of Hawaii; and Hawaii Association of REALTORS provided written comments in support of this measure. The Tax Foundation of Hawaii provided written comments.

Your Committee finds that the Streamlined Sales Tax Project (SSTP) is an effort created by state governments, with input from local governments and the private sector, to simplify and modernize sales and use tax collection and administration. The SSTP's proposals include tax law simplifications, more efficient



administrative procedures, and emerging technologies to substantially reduce the burden of tax collection. The SSTP's proposals are focused on improving sales and use tax administration systems for all types of commerce. Forty-two states and the District of Columbia are involved in the SSTP.

Your Committee further finds that Hawaii has been a participating member of the SSTP since 2003, and that this measure is a culmination of the efforts by both government and the private sector to identify and resolve issues necessary for SSTP compliance.

Your Committee has amended this measure by making numerous technical amendments for the purposes of clarity, consistency, and style. Your Committee believes that the long time period before this measure takes effect will allow interested parties to further refine this measure.

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. 1840, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1840, S.D. 1.

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



ROSALYN H. BAKER, Chair



