

STAND. COM. REP. NO.

1468

Honolulu, Hawaii

APR 03 2007

RE: S.C.R. No. 62  
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 Economic Development and Taxation, to which was referred S.C.R. No. 62 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE HAWAII STATE LEGISLATURE TO CONVENE A HAWAII BROADBAND TASK FORCE TO EXPAND BROADBAND ACCESS AND USAGE IN HAWAII,"

begs leave to report as follows:

The purpose of this measure is to convene a Hawaii Broadband Task Force to remove barriers to broadband access, including gaining wider access to public rights-of-way, and identifying opportunities for increased broadband deployment and adoption, including very high speed broadband services.

Prior to the hearing your Committee circulated a Proposed S.C.R. No. 62 entitled:

"REQUESTING THE DEPARTMENT OF TAXATION TO CONDUCT A REVIEW OF HAWAII'S GENERAL EXCISE TAX PYRAMIDING RELIEF ACT,"

The purpose of the proposed measure is to request the Department of Taxation to conduct a review Hawaii's General Excise Tax Pyramiding Relief Act and to consider clarifying language to make clear that the general excise tax is not due on business-to-business services that fulfill a warranty obligation to the manufacturer.



Testimony in support of the proposed language was received from the Department of Taxation and the Hawaii Automotive Dealers' Association.

Your Committee finds that at least two other states, California and Washington, have dealt with this issue, and that there may be additional options in other jurisdictions.

Your Committee has amended this measure by:

(1) Amending the title to read:

"REQUESTING THE DEPARTMENT OF TAXATION TO CONDUCT A REVIEW OF HOW OTHER STATES AND JURISDICTIONS ENSURE THAT WARRANTIES AND MAINTENANCE AGREEMENTS ARE EITHER EXEMPTED FROM PAYMENT OF ADDITIONAL TAXES OR TAXED AT THE WHOLESALE RATE;"

(2) Deleting one "whereas" paragraph related to clarification of Act 71, Session Laws of Hawaii 1999;

(3) Amending the "be it resolved" paragraph to reflect the title change and to incorporate language from the second "be it further resolved" paragraph; and

(4) Requesting the Department of Taxation to submit proposed legislation for introduction at the Regular Session of 2008.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 62, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 62, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Taxation,

  
CAROL FUKUNAGA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:* <b>SCR 62</b>	Committee Referral: <b>EDT</b>	Date: <b>3/29/07</b>		
<input checked="" type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: <u><b>HOLD</b></u>				
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
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	<b>4</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Will Enger</i></div>				
Distribution:             Original             Yellow             Pink File with Committee Report             Clerk's Office             Drafting Agency				

\*Only one measure per Record of Votes