
SENATE RESOLUTION

REQUESTING THE DEPARTMENT OF TAXATION TO EXAMINE THE PAYMENT OF
GENERAL EXCISE TAXES ON ALL COMMISSIONS EARNED BY
MANUFACTURER'S SALES REPRESENTATIVES FROM SALES OF IMPORTED
TANGIBLE PERSONAL PROPERTY THAT IS PURCHASED BY A CONSUMER
DIRECTLY FROM THE MANUFACTURER.

1 WHEREAS, the payment of general excise taxes by taxpayers
2 is the State's largest source of revenue; and
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4 WHEREAS, the general excise tax on commissions earned from
5 sales of imported tangible personal property by sales
6 representatives of manufacturers who are in the construction
7 industry annually amounts to over \$2,200,000 in general excise
8 tax revenues; and
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10 WHEREAS, some sales representatives operating in Hawaii are
11 the sole, or exclusive, representative of a specific
12 manufacturer; and
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14 WHEREAS, those sole, or exclusive, sales representatives
15 are often under the control and authority of the manufacturer
16 they represent, thus the sales representatives are acting in the
17 capacity of an employee of the manufacturer, whereby the
18 manufacturer should be assessed general excise taxes on sales of
19 imported tangible personal property, rather than the sales
20 representative; and
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22 WHEREAS, the Legislature would benefit greatly from a
23 report by the Department of Taxation that analyzes the fiscal
24 impact and payment of general excise taxes on commissions earned
25 by manufacturer sales representatives when consumers purchase
26 imported tangible personal property directly from the
27 manufacturer; now, therefore,
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29 BE IT RESOLVED by the Senate of the Twenty-fourth
30 Legislature of the State of Hawaii, Regular Session of 2008,
31 that the Department of Taxation is requested to analyze the
32 payment of general excise taxes on commissions earned by sales



1 representatives of manufacturers from the sales of imported
2 tangible personal property; and

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4 BE IT FURTHER RESOLVED that the Department of Taxation is
5 requested to openly communicate with sales representatives of
6 manufacturers in the construction industry and progress toward a
7 fair and adequate resolution to the tax issues surrounding the
8 payment of general excise taxes by the sales representatives
9 from sales of imported tangible personal property; and

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11 BE IT FURTHER RESOLVED that the Department of Taxation is
12 requested, during its 2008 workshops on tax law changes, to
13 investigate the fiscal impact of general excise taxes on
14 commissions earned from sales by a manufacturer's sales
15 representative of imported tangible personal property that is
16 purchased by a consumer directly from the manufacturer; and

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18 BE IT FURTHER RESOLVED that the Department of Taxation is
19 requested to report its findings on the fiscal impact and
20 payment of general excise taxes on commissions earned from sales
21 by a manufacturer's sales representative of imported tangible
22 personal property that is purchased by a consumer directly from
23 the manufacturer to the Legislature no later than twenty days
24 prior to the convening of the 2009 Regular Session; and

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26 BE IT FURTHER RESOLVED that certified copies of this
27 Resolution be transmitted to the Governor of the State of Hawaii
28 and the Director of Taxation.

