

STAND. COM. REP. NO.

128

Honolulu, Hawaii

FEB 09 2007

RE: S.B. No. 704

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

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 704 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to exempt amounts received by trusts, the sole beneficiaries of which are blind, deaf, or disabled, from up to \$2,000 in income and to limit the general excise tax collected from the trusts to one-half per cent.

Two individuals submitted testimony in support of this measure. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, if passed, would result in a revenue loss to the State of approximately \$150,000 per year. However, the fiscal impact statement submitted did not specify the methodology by which the fiscal impact was calculated.

Your Committee finds that this measure will include a trust, the sole beneficiary of which is blind, deaf, or disabled within the current general excise tax relief. According to the testimony, currently, the general excise tax rate on the business income of individuals who are blind, deaf, or totally disabled, and corporations owned by individuals who are blind, deaf, or totally disabled is one-half per cent. The first \$2,000 of business income received by these individuals is also exempt from general excise taxation.

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It is the Committee's intent to extend the same general excise tax treatment to trusts the sole beneficiaries of which are blind, deaf, or disabled.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 704 and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on  
behalf of the members of the  
Committee on Human Services and  
Public Housing,

Suzanne Chun Oakland  
SUZANNE CHUN OAKLAND, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Human Services and Public Housing**  
**HSP**

Bill / Resolution No.:* <b>SB 704</b>	Committee Referral: <b>HSP, EDT, WAM</b>	Date: <b>2-6-07</b>
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The committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312      Pass, with amendments 2311      Hold 2310      Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
SAKAMOTO, Norman				✓
HEMMINGS, Fred	✓			
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>

Recommendation:      Adopted      Not Adopted

Chair's or Designee's Signature: 

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