

STAND. COM. REP. NO. 412

Honolulu, Hawaii
Feb 19, 2009

RE: H.B. No. 1405
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 1405 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this bill is to maximize the State's ability to capture taxes owed by out-of-state businesses by specifying the businesses activities that would constitute a sufficient connection with Hawaii to allow the State to tax those activities.

The Department of Taxation and a concerned individual supported this bill. Tax Foundation of Hawaii submitted comments. Hawaii Association of REALTORS® (HAR) opposed the measure.

HAR voiced the concern that the bill might affect existing sourcing and apportionment rules for commissions earned by real estate brokers and salespersons. Accordingly, your Committee has amended this bill as suggested by HAR, by removing the reference to services, and limiting the bill to sales of tangible personal property. Technical, nonsubstantive amendments were made for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1405, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1405, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization, Business, &
Military Affairs,



ANGUS L.K. MCKELVEY, Chair



