

STAND. COM. REP. NO.

1278

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 1405
H.D. 2
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1405, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to conform the State's tax laws to the multi-state Streamlined Sales and Use Tax Agreement.

Your Committee received two written comments on this measure. Written comments may be reviewed on the Legislature's website.

Your Committee finds that the Streamlined Sales and Use Tax Agreement is a method developed by states and businesses to have internet and catalogue sellers collect the sales and use tax from consumers on behalf of the states for those sellers who do not have a nexus within that state.

Your Committee believes that a voluntary mechanism for internet and catalog sellers to collect taxes from their consumers is necessary, in part because people buying from these merchants fail to pay the use tax on their purchases. Thus, adopting the Streamlined Sales and Use Tax Agreement will result in the collection of unrealized revenue for the State.



Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2050, to facilitate further discussion on this measure; and
- (2) Making a technical, nonsubstantive amendment to correct a drafting error.

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 H.B. No. 1405, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1405, H.D. 2, S.D. 2.

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



DONNA MERCADO KIM, Chair



