

STAND. COM. REP. NO.

764

Honolulu, Hawaii

March 6, 2009

RE: H.B. No. 1600
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 Finance, to which was referred H.B. No. 1600 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 exempt from the general excise tax, amounts received by a common paymaster to pay employees of two or more related businesses, on behalf of the related businesses, where the applicable relationship is defined under Section 267(b) of the Internal Revenue Code.

The Pagoda Hotel and Floating Restaurant and two concerned individuals testified in support of this bill. The Department of Taxation and Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Inserting the provisions of the bill in section 237-24.7, Hawaii Revised Statutes (HRS), rather than in section 237-23.5, HRS; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

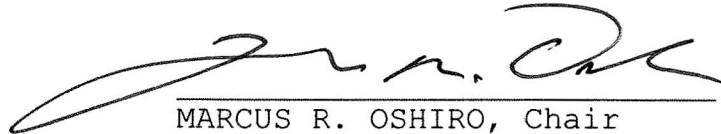
As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No.

HB1600 HD1 HSCR FIN HMS 2009-2826



1600, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1600, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



