

STAND. COM. REP. NO.

1204

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 1605
H.D. 1
S.D. 1

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. 1605, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish the Hawaii tax review initiative to review the State's tax laws and determine whether the State's existing tax policies are relevant and effective in reaching the State's economic and social goals and objectives.

Your Committee has amended the measure by replacing its contents with a proposed senate draft, which was circulated prior to the public hearing, that authorizes each county to implement a retail sales tax of up to an unspecified percentage on the sale of tangible personal property.

Testimony in support of the senate draft was submitted by one private organization, two private companies, and fifteen individuals. Testimony opposed to this measure was submitted by one government entity, one government organization, and two private organizations. Comments on this measure were submitted by one private organization. The written testimony and comments may be reviewed on the Legislature's website.

Your Committee finds that it is appropriate, as a matter of home rule, to allow the counties to establish an additional

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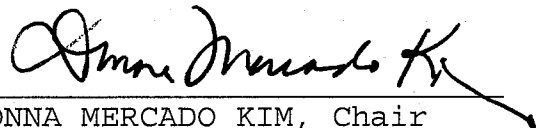
revenue source that applies broadly to all individuals. Accordingly, this measure provides the counties the taxing authority necessary to exercise greater self-sufficiency and to generate the revenue needed to provide vital programs and services.

Upon further consideration, your Committee has refined its amendments to this measure by:

- (1) Setting the maximum rate of the retail sales tax that may be implemented at one per cent on the sale of tangible personal property;
- (2) Providing an effective date of July 1, 2077, to encourage further discussion on the measure; and
- (3) Making technical amendments for purposes of clarity.

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. 1605, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1605, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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


DONNA MERCADO KIM, Chair



