

STAND. COM. REP. NO. 9

Honolulu, Hawaii

FEB 4, 2009

RE: H.B. No. 194
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. 194 entitled:

"A BILL FOR AN ACT RELATING TO PROFESSIONAL EMPLOYMENT ORGANIZATIONS,"

begs leave to report as follows:

The purpose of this bill is to clarify that the tax exemption provided for in the professional employment organizations (PEOs) law only applies to general excise taxes on payroll services provided to client companies.

Testimony in support of this bill was submitted by the National Association of Professional Employer Organizations and ALTRES, Inc. The Department of Labor and Industrial Relations supported this bill and suggested amendments. The Department of Taxation had no comments on this measure.

Your Committee finds that the provisions currently exempting PEOs from the general excise tax are confusing and unclear. Accordingly, your Committee has amended this bill to make the exemption language even more precise.

Other technical, nonsubstantive amendments have also been 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

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that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 194, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 194, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

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



ANGUS L.K. MCKELVEY, Chair



