

STAND. COM. REP. NO.

481

Honolulu, Hawaii

Feb 19, 2009

RE: H.B. No. 82  
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. 82 entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide a limited general  
excise tax exemption or holiday for certain school supplies and  
clothing.

Specifically, this measure provides an annual general excise  
tax holiday of five days, beginning on Wednesday of the last full  
week in July for school supplies and clothing, including books,  
computers, computer software, and supplies. The tax holiday does  
not apply to cellular telephones, watches, radios, sporting  
equipment, copiers and other office equipment, and other non-  
essential school items.

Your Committee received testimony in support of this measure  
from the Department of Taxation, the Retail Merchants of Hawaii,  
and the Hawaii State Teachers Association. The Tax Foundation of  
Hawaii submitted comments on this measure.

Your Committee finds that the tax holiday provided under this  
measure will not only stimulate a sagging state economy, but will  
also support education by providing financial assistance to  
students preparing for the upcoming academic year. Your Committee



also finds that in 2008, sixteen states held tax holidays, usually during the back-to-school season in late summer.

Your Committee has amended the measure by:

- (1) Adding a purpose section;
- (2) Adding definitions for "book", "clothing", and "computer", clarifying the definitions of "computer software" and "school supplies", and deleting the definition of "personal computers";
- (3) Changing the time period of the tax holiday;
- (4) Deleting video games of a non-essential nature from the list of items that are not exempt from the general excise tax;
- (5) Changing price restrictions on certain school supplies;
- (6) Deleting provisions with respect to: special licenses and reporting procedures for retailers; clarification of exempt items by rule; sales restrictions for retailers; and tax refunds; and
- (7) Changing the effective date to July 1, 2112, to facilitate further discussion on this measure.

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. 82, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 82, 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,



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ANGUS L.K. MCKELVEY, Chair



State of Hawaii  
House of Representatives  
The Twenty-fifth Legislature

**HSCR481**

**Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs**

Bill/Resolution No.: <b>HB 82</b>	Committee Referral: <b>EBM, FIN</b>	Date: <b>2/17/09</b>
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The committee is reconsidering its previous decision on the measure.

The recommendation is to:     Pass, unamended (as is)     Pass, with amendments (HD)     Hold  
 Pass short form bill with HD to recommit for future public hearing (recommit)

EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. BERG, Lyla B.	✓			
4. EVANS, Cindy				✓
5. MANAHAN, Joey	✓			
6. TAKAI, K. Mark				
7. TOKIOKA, James Kunane	.	✓		
8. TSUJI, Clift	✓			
9. WAKAI, Glenn	✓			
10. WOOLEY, Jessica	✓			
11. WARD, Gene	✓			
<b>TOTAL (11)</b>	<b>8</b>	<b>1</b>		<b>1</b>

The recommendation is:     Adopted     Not Adopted  
 If joint referral, \_\_\_\_\_ did not support recommendation.  
committee acronym(s)

Vice Chair's or designee's signature: \_\_\_\_\_

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