

STAND. COM. REP. NO.

1225

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 1600
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. 1600, H.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 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.

Testimony in support of this measure was submitted by one private company and three individuals. One state agency and two organizations submitted comments.

Your Committee finds that many family and closely held businesses are made up of several companies, with one company handling the staffing and overhead expenses for the other related income producing companies. Your Committee also finds that, although these businesses are related, the amendments to section 237-24.7, Hawaii Revised Statutes, would still result in these staffing and overhead expenses being subject to the general excise tax.

Accordingly, your Committee has amended this measure by:



- (1) Clarifying that amounts received by one related person from another related person also include "other administrative and overhead expenses";
- (2) Changing the effective date to July 1, 2090, to facilitate further discussion on the measure; and
- (3) Making a technical amendment to correct a statutory cross reference.

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. 1600, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1600, 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



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1000 HDI	WAM	APRIL 6, 2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
TOTAL	12			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes