

STAND. COM. REP. NO. 743

Honolulu, Hawaii
March 6, 2009

RE: H.B. No. 1748
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. 1748 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE PREMIUM TAXES,"

begs leave to report as follows:

The purpose of this bill is to temporarily increase the insurance premium tax rates on insurers of life insurance contracts from 2.75 percent to 4.265 percent and ocean marine insurance contracts from 0.8775 percent to 4.265 percent. These increases are repealed on December 31, 2015.

The Department of Commerce and Consumer Affairs, National Association of Insurance and Financial Advisors - Hawaii, American Council of Life Insurers, and Pacific Guardian Life testified in opposition to this bill. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Deleting the new tax rates to encourage further discussion;
- (2) Clarifying that when the amendments contained in this bill are repealed, the existing provisions of section 431:7-202(b) and (c), Hawaii Revised Statutes, shall be reenacted in the form in which that section read prior to the effective date of this bill; and

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(3) Changing the effective date to July 1, 2020.

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. 1748, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1748, 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



