

Honolulu, Hawaii

April 22, 2010

RE: H.B. No. 2595
H.D. 1
S.D. 2
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2595, H.D. 1, S.D. 2, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to strengthen and bring fairness to the general excise tax (GET) system by:

- (1) Precluding a taxpayer from using a GET benefit, including exemptions, deductions, lower rates, or income splitting, unless the taxpayer follows specified administrative requirements;
- (2) Creating a personal liability for businesses that use the GET to ensure that those funds are paid to the State;



- (3) Requiring taxpayers to:
- (A) Provide certain information relating to claims for GET credits or exemptions from the GET to the Department of Hawaiian Home Lands (DHHL) and the Hawaii Housing Finance and Development Corporation (HHFDC); and
 - (B) Consent to the public disclosure of the information as a condition of claiming a credit against or taking an exemption from the GET;

and

- (4) Allowing the Department of Taxation (DOTAX) to conduct periodic reviews of all housing projects for which a claimant has received a GET exemption.

Your Committee on Conference has amended this bill by:

- (1) Clarifying the administrative requirements for taxpayers to claim a GET benefit;
- (2) Removing the provisions pertaining to providing information relating to claims for GET credits or exemptions to DHHL and HHFDC;
- (3) Removing provisions that would have allowed DOTAX to conduct periodic reviews of housing projects for which a claimant received a GET exemption;
- (4) Removing the provisions which exempted amounts received by certain persons listed in section 237-23, Hawaii Revised Statutes (HRS), since every person listed in that section is completely exempt from the chapter;
- (5) Removing the provisions for the limited exemption for certain amounts listed in section 237-24, HRS, because that section states that Chapter 237, HRS, specifically does not apply to every amount listed;
- (6) Changing the effective date to July 1, 2010; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2595, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2595, H.D. 1, S.D. 2, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



BRIAN T. TANIGUCHI, Chair



MARCUS R. OSHIRO, Chair



DONNA MERCADO KIM, Co-Chair



