

Honolulu, Hawaii

Apr: 11, 2010

RE: S.B. No. 1230
S.D. 2
H.D. 1

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 1230, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to impose a new real property asset acquisition tax on transfers of any ownership interest in an entity that holds real property located in Hawaii with a certain minimum fair market value.

For purposes of the public hearing, your Committee circulated a proposed H.D. 1 that replaces the substance of this bill with provisions that:

- (1) Add a definition for large cigars;
- (2) Amend the definitions of little cigars and tobacco products;
- (3) Exclude large cigars from the excise tax of 70 percent on the wholesale price of each article or item of tobacco products paid by wholesalers and dealers; and
- (4) Limit the excise tax of 50 percent on the wholesale price of each cigar paid by wholesalers and dealers to large cigars.

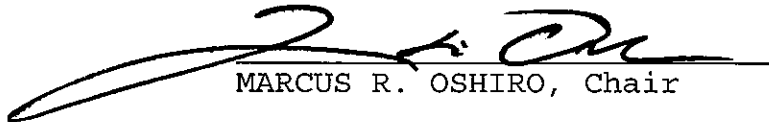


Altria Client Service Inc. supported this bill. The Tax Foundation of Hawaii, Coalition for a Tobacco-Free Hawaii, American Cancer Society, and RAI Services Company submitted comments.

Upon consideration, your Committee has amended this bill by replacing its substance with that of the proposed H.D. 1.

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 S.B. No. 1230, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1230, S.D. 2, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 1230 SD2	Committee Referral: CRC Fin	Date: 3/30/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. AWANA, Karen Leinani	✓			
5. BROWER, Tom	✓			
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.	✓			
9. KEITH-AGARAN, Gilbert S.C.	✓			
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III	✓			
13. TOKIOKA, James Kunane	✓			
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. FINNEGAN, Lynn	✓			
17. WARD, Gene	✓			
TOTAL (17)	17	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size:small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ Marilyn B. Lee				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				