

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2001
S.D. 1

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2001 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a waiver program to exempt a taxpayer's gambling winnings from state income tax.

Specifically, this measure exempts a taxpayer from reporting gambling winnings for a five-day period upon payment of a \$10 fee. Each non-transferable written waiver must be obtained from the Department of Taxation at least three days before the commencement of the period during which the waiver is in effect. The waiver applies whether or not a taxpayer itemizes tax deductions, and applies to taxable years beginning after December 31, 2010. Finally, this measure requires the Department of Taxation to adopt rules to implement the waiver program, no later than January 1, 2011.

Your Committee received testimony in support of this measure from the Department of Taxation. The Tax Foundation of Hawaii and one individual offered comments. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee has amended this measure by:

- (1) Clarifying that the exemption applies only to gambling winnings legally acquired outside the State;



- (2) Providing that the waiver fee must be paid at least twenty-four hours before the commencement of the period during which the waiver is in effect; and
- (3) Providing that no exemption waiver shall be issued until the Department of Taxation adopts rules;
- (4) Changing the \$10 fee for a single waiver to an unspecified amount; and
- (5) Making technical nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 2001, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2001, 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



Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2001	Committee Referral: WAM	Date: 02/10/10		
<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	7	0	0	5
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy				

*Only one measure per Record of Votes