

STAND. COM. REP. NO.

2592

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2405
S.D. 2

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. 2405, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend Hawaii's general excise and use tax law to allow Hawaii to participate in the national Streamlined Sales and Use Tax Agreement.

Your Committee received comments in support of this measure from the Hawaii Association of Realtors, the Hawaii Government Employees Association, the International Longshore and Warehouse Union, the Legislative Information Services of Hawaii, and the Retail Merchants of Hawaii. Your Committee received comments in opposition to this measure from the Department of Taxation. The Tax Foundation of Hawaii submitted comments on this measure. The written comments may be reviewed on the Legislature's website.

Your Committee finds that, to participate in the Streamlined Sales and Use Tax Agreement, Hawaii will need to amend its general excise and use tax laws and adopt a single tax rate. Currently, much of the use tax owed to the State on out-of-state purchases goes uncollected. Participation in this national agreement would allow Hawaii to more effectively collect the use tax on out-of-state purchases. This would enable local businesses to compete more closely with out-of-state sellers that, for the most part, do not collect and remit the Hawaii use tax. Your Committee also finds that the collection of the use tax on out-of-state purchases

SB2405 SD2 SSCR LRB 10-1974.doc



would provide an additional source of tax revenue for the State, especially during the current economic crisis.

Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2009, to facilitate further discussion on the measure; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 2405, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2405, S.D. 2.

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.:* SB 2405 SDA	Committee Referral: EDT, WAM	Date: 2/24/10		
<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	11	0	0	1
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