

STAND. COM. REP. NO.

827

Honolulu, Hawaii

MAR 22 2011

RE: H.B. No. 798
H.D. 1
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 798, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to impose the general excise tax on gross income derived from a life settlement contract by a person not related to the insured.

Your Committee received testimony in support of this measure from the Department of Taxation and Imua Alliance. Your Committee received testimony in opposition to this measure from The Hawaii Business League. Your Committee received comments on this measure from Tax Foundation of Hawaii.

Your Committee finds that this measure taxes gross income received from a life settlement contract payout in the same manner as gross income received from an ordinary business transaction. Your Committee notes that this measure applies not to the beneficiaries of a family member's life insurance policy, but rather to persons unrelated to the insured who are in the business of buying and selling life settlement contracts as a commercial enterprise.

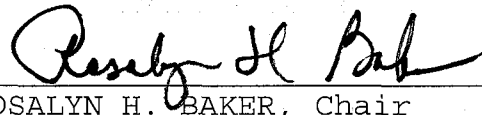
Your Committee has amended this measure by:



- (1) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 798, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 798, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,




ROSALYN H. BAKER, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 798, HDI	CPN, WAM	3/17/2011		
<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
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood				✓
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama				✓
SLOM, Sam			✓	
TOTAL	4	0	1	2
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