

STAND. COM. REP. NO. 435

Honolulu, Hawaii
Feb 18, 2011

RE: H.B. No. 848
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 848 entitled:

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

begs leave to report as follows:

The purpose of this measure is to exempt from the state general excise tax, amounts received by a common paymaster that are disbursed as remuneration to employees of two or more related persons where the common paymaster is making the remunerations on behalf of the related persons.

Palama Holdings, LLC, a substantial number of concerned individuals, and two owners of related business entities testified in support of the measure. The Department of Taxation and the Tax Foundation of Hawaii commented on the measure.

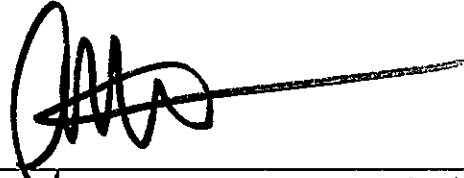
Your Committee finds that, due to the high cost of doing business in the State, it is not uncommon for companies with multiple related entities to process all employees under one common paymaster. Your Committee also notes several concerns raised by the Department of Taxation, including the potential loss of general excise tax revenue if this measure is enacted into law and several technical issues with the measure that need clarification. Accordingly, your Committee respectfully requests that the Committee on Finance, should it choose to hear this measure, give careful consideration to these concerns.



Your Committee has amended this measure by changing the effective date to July 1, 2112, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 848, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 848, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSR 435

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: HB 848	Committee Referral: ERB, FIN	Date: 2/15/11		
<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)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. AWANA, Karen L.	✓			
4. BROWER, Tom	✓			
5. EVANS, Cindy				✓
6. HASHEM, Mark J.				✓
7. NISHIMOTO, Scott Y.	✓			
8. TOKIOKA, James Kunane	✓			
9. TSUJI, Clift	✓			
10. MARUMOTO, Barbara C.	✓			<i>[Signature]</i>
11. PINE, Kymberly Marcos				✓
TOTAL (11)	8	0	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <i>[Signature]</i>				
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