

STAND. COM. REP. NO.

862

Honolulu, Hawaii

March 8, 2011

RE: H.B. No. 848
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 848, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill 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.

The Chamber of Commerce of Hawaii and numerous concerned individuals supported this bill. The Department of Taxation opposed this bill. The Tax Foundation of Hawaii and several concerned individuals provided comments.

Your Committee has amended this bill as follows:

- (1) In the proposed amendment to section 237-23.5(a), two references to section 267 of the Internal Revenue Code were deleted because section 267 of the Internal Revenue Code does not use the term "related entity;
- (2) Deleting the word "reimbursable" in the definition for "Services" because reimbursements are exempt from general excise tax under section 237-20; and

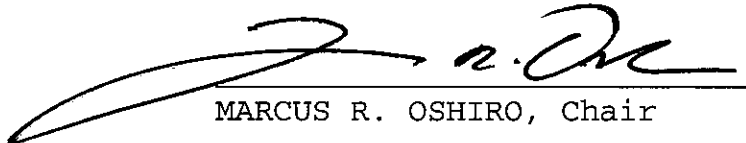
HB848 HD2 HSCR FIN HMS 2011-2741



- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 848, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 848, H.D. 2.

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



MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 862

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 848, HDI	Committee Referral: ERB, FIN	Date: 3/1/11		
<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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. CHONG, Pono	✓			
4. CHOY, Isaac W.	✓			
5. COFFMAN, Denny	✓			
6. CULLEN, Ty	✓			
7. HAR, Sharon E.	✓			
8. HASHEM, Mark J.	✓			
9. ICHIYAMA, Linda	✓			
10. JORDAN, Jo	✓			
11. LEE, Chris	✓			
12. MORIKAWA, Dee	✓			
13. TOKIOKA, James Kunane	✓			
14. YAMASHITA, Kyle T.	✓			
15. MARUMOTO, Barbara C.	✓			
16. RIVIERE, Gil	✓			
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: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ <i>Marilyn B. Lee</i> _____				
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