

STAND. COM. REP. NO. 1478

Honolulu, Hawaii

April 8, 2011

RE: S.B. No. 1107
S.D. 1
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 S.B. No. 1107, S.D. 1, 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 address taxation in the State by, among other things:

- (1) Exempting from the General Excise Tax (GET) certain amounts received by specified related entities;
- (2) Specifying that the Director of Taxation may subpoena witnesses, examine them under oath, and require the production of books, papers, documents, or other records, including electronic records, that are material or relevant to a criminal investigation conducted by the Director;
- (3) Establishing parameters for the use of subpoena powers in criminal investigations conducted by the Director; and
- (4) Specifying that compliance with a subpoena issued by the Department of Taxation (DOTAX) will not give rise to a civil action for damages against an individual who has complied with the subpoena.

SB1107 HD2 HSCR FIN HMS 2011-3540



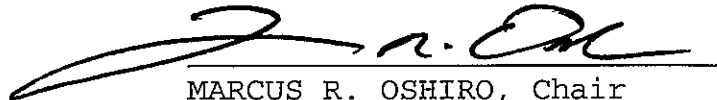
A concerned individual supported this measure. DOTAX, the Tax Foundation of Hawaii, and a concerned individual provided comments.

Your Committee has amended this bill by:

- (1) Clarifying which amounts received by specified related entities are exempt from the GET;
- (2) Removing provisions related to DOTAX's subpoena authority;
- (3) Changing its effective date to July 1, 2011; and
- (4) 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 S.B. No. 1107, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1107, S.D. 1, H.D. 2.

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



MARCUS R. OSHIRO, Chair



