

STAND. COM. REP. NO. **201**

Honolulu, Hawaii

FEB 15 2011

RE: S.B. No. 1355

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

Sir:

Your Committee on Economic Development and Technology, to which was referred S.B. No. 1355 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Adopt amendments to Hawaii tax laws to implement the Streamlined Sales and Use Tax Agreement, to take effect when the State becomes a party to the Streamlined Sales and Use Tax Agreement; and
- (2) Create a committee to oversee the Department of Taxation's implementation and administration of, and compliance with the Streamlined Sales and Use Tax Agreement.

Your Committee received testimony in support of this measure from the former President of the Streamlined Sales Tax Governing Board; The Federal Tax Authority; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Retail Merchants of Hawaii; Hawai'i Association of REALTORS; and International Council of Shopping Centers. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Taxation, Legislative Reference Bureau, and Tax Foundation of Hawaii.

Your Committee finds that this measure would alleviate the imbalance perceived by retailers throughout Hawaii, who see an



increasing number of consumers browse their stores and ask clerks questions, only to go home and buy from online retailers to save on the general excise tax. Over time, the vanishing general excise tax revenue has hurt not only the State, which is losing the excise tax proceeds, and local retailers, who are losing business, but Hawaii residents themselves, as the loss of general excise tax revenue has resulted in dramatic cuts to local government services.

Your Committee further finds that by adopting this measure, Hawaii would send a clear message to Congress that it is time for federal action to correct the growing inequity between local retailers that are required to collect sales taxes and online retailers that are not. Doing so would shift the burden of calculating, reporting, and remitting taxes on online purchases from individual consumers to online retailers, and ensure that local communities begin receiving the tax revenue they are due.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1355 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Technology,


CAROL FUKUNAGA, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* SB 1765	Committee Referral: EDT, WAM	Date: 2/11/11		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
SOLOMON, Malama	✓			
SLOM, Sam			✓	
TOTAL	4	0	1	0
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