

Honolulu, Hawaii

Feb 8, 2012

RE: H.B. No. 1694
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 1694 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to require the collection of use taxes by sellers of tangible personal property who enter into agreements under which a person in the State refers potential purchasers to the seller, including by an internet link or web site, or performs related services in the State on behalf of the seller.

Retail Merchants of Hawaii and Walgreen Co. testified in support of this measure. The Hawaii Association of REALTORS supported the intent of this measure. Amazon.com testified in opposition to this measure. The Department of Taxation and the Tax Foundation of Hawaii provided comments on this measure.

Your Committee respectfully requests that the Committee on Finance further examine the discussion between an economic nexus and affiliate nexus tax as it relates to this measure.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2112, to facilitate further discussion; and



- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

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. 1694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1694, 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

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: HB 1694	Committee Referral: ERB, FIN	Date: 1/31/12		
<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)	X			
2. CHOY, Isaac W. (VC)	X			
3. AWANA, Karen L.	X			
4. BROWER, Tom	X			
5. EVANS, Cindy	X			
6. HASHEM, Mark J.	X			
7. NISHIMOTO, Scott Y.		X		
8. TOKIOKA, James Kunane	X			
9. TSUJI, Clift	X			
10. MARUMOTO, Barbara C.		X		
11. PINE, Kymberly Marcos				X
TOTAL (11)	8	2	-	1
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: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) -- Committee Duplicate (Yellow) -- Chief Clerk's Office Duplicate (Pink) -- HMSO				