

Honolulu, Hawaii

March 23, 2012

RE: S.B. No. 2238  
S.D. 1  
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 S.B. No. 2238, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to repeal Act 155, Session Laws of Hawaii 2010.

The Chamber of Commerce of Hawaii; Chun, Kerr, Dodd, Beaman & Wong; American Council of Life Insurers; Hawaii Alliance of Nonprofit Organizations; National Federation of Independent Business; and several individuals testified in support of this measure. The Department of Taxation and the Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by deleting its contents and replacing them as follows:

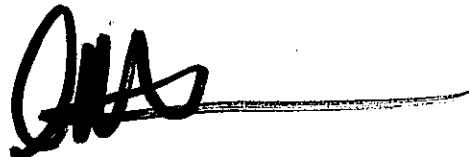
- (1) Inserting the contents of H.B. No. 1672, H.D. 1, Regular Session of 2012, which establishes monetary awards for whistleblowers providing information that is the basis for a Department of Taxation administrative or judicial action for violations of tax laws;



- (2) Inserting the contents of H.B. No. 1695, Regular Session of 2012, which prohibits penalties for substantial understatements or misstatements and for erroneous claims for refund or credit from being added to tax underpayments on which certain other penalties are already imposed;
- (3) Amending the statutes enacted under Act 155, Session Laws of Hawaii 2010, in order to mandate that nonprofit organizations receive 90 days notice before the denial of general excise tax benefits and to exempt from personal liability persons having control of certain amounts held in trust for nonprofit organizations;
- (4) Changing the effective date to July 1, 2012, to facilitate further discussion; and
- (5) Making technical, nonsubstantive amendments for the 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 S.B. No. 2238, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2238, S.D. 1, 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,



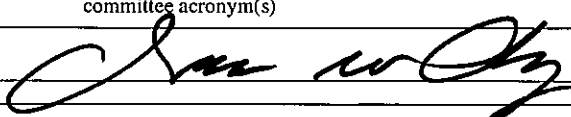
ANGUS L.K. MCKELVEY, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HSCR 1228-12

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: SB 2230, SD 1 (SSCR 2605)	Committee Referral: ERB, FIN	Date: 3/15/12		
<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.		✓		
11. PINE, Kymberly Marcos		✓		
TOTAL (11)	9	2	-	-
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				