

STAND. COM. REP. NO.

747

Honolulu, Hawaii

March 1, 2013

RE: H.B. No. 1257

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1257 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to improve the system of taxation in the State by, among other things:

- (1) Expanding application of the general excise tax to business activities in the State that are significantly associated with a seller's ability to establish or maintain a market in the State;
- (2) Creating a presumption under the general excise tax law for sellers of tangible personal property where the seller's activities in the State demonstrate a significant business nexus with the State; and
- (3) Creating a presumption under the use tax law that a seller is engaged in business in the State if the seller's activities in the State demonstrate a significant business nexus with the State.

The Retail Merchants of Hawaii, Walgreen Co., and Walmart supported this bill. The Department of Taxation and Hawaii Association of REALTORS offered comments.

HB1257 HD1 HSCR FIN HMS 2013-2477



Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2030, to encourage further discussion; and
- (2) 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. 1257, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1257, H.D. 1, and be placed on the calendar for Third Reading.

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



SYLVIA LUKE, Chair



