

STAND. COM. REP. NO.

1451

Honolulu, Hawaii

April 4, 2013

RE: S.B. No. 1193
S.D. 1
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 S.B. No. 1193, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SECTION 237-24.3, HAWAII REVISED STATUTES,"

begs leave to report as follows:

The purpose of this measure is to eliminate the general excise tax exemption for liquor, tobacco, and food sold to any person or common carrier in interstate or foreign commerce for consumption out of state.

Your Committee received testimony in support of this measure from the Department of Taxation. Comments were received from the Tax Foundation of Hawaii.

Your Committee finds that the exemption does not serve the limited purposes for which it was originally enacted. Although the exemption was intended to benefit state agriculture by encouraging common carriers to buy local agricultural products, it instead creates a broad tax break for all common carriers and the catering companies that serve those common carriers.

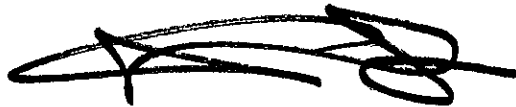
Your Committee has amended this measure by:



- (1) Changing the effective date to "upon approval" and making the measure applicable to taxable years beginning after December 31, 2013;
- (2) Adding language to ensure the preservation of the amendments made to section 237-24.3, Hawaii Revised Statutes, when the section is repealed and reenacted on December 31, 2014; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity and consistency.

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. 1193, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1193, S.D. 1, 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



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB1193 SD1	Committee Referral: FIN	Date: 03/14/13		
<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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	/			
2. NISHIMOTO, Scott Y. (VC)	/			
3. JOHANSON, Aaron Ling (VC)	/			
4. CULLEN, Ty J.K.	/			
5. HASHEM, Mark J.	/			
6. ING, Kaniela	/			
7. JORDAN, Jo	/			
8. KOBAYASHI, Bertrand	/			
9. LOWEN, Nicole E.	/			
10. MORIKAWA, Dee	/			
11. ONISHI, Richard H.K.	/			
12. TAKAYAMA, Gregg	/			
13. TOKIOKA, James Kunane	/			
14. WOODSON, Justin H.	/			
15. YAMASHITA, Kyle T.	/			
16. FUKUMOTO, Beth	/		/	
17. WARD, Gene	/			
TOTAL (17)	16		1	
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				