Honolulu, Hawaii

February 28, 201

RE: H.B. No. 2135 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2135 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend Hawaii's tax structure and administration, including by creating an oversight committee to facilitate implementation, to bring the State into compliance with the requirements of the Streamlined Sales and Use Tax Agreement. The Streamlined Sales and Use Tax Agreement and these amendments, which shall take effect when the State becomes a party to the Agreement, will help to facilitate the collection and remittance of taxes derived from remote sales with outside businesses having no nexus with the State. These tax charges, while technically owed to the State, are virtually impossible to calculate, collect, and enforce under current law.

The Chamber of Commerce Hawaii, Hawaii Association of REALTORS, Hawaii Food Industry Association, and Hawaii Government Employees Association testified in support of this measure. The Department of Taxation testified in opposition to this measure. Walgreens, Co., and the Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by changing its effective date to July 1, 2030, to encourage further discussion.

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. 2135, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2135, 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 UKE, Chair

State of Hawaii House of Representatives The Twenty-seventh Legislature



Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 2135	Committee Referral: FIN	Date	e: 2/19/2014	_
θ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: θ Pass, unamended (as is) Pass, with amendments (HD) θ Hold θ 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.		N	ant art occasion to me animamin to reconstruction	m themselve works and the second seco
5. HASHEM, Mark J.				
6. ING, Kaniela			4772.1.24.4836.41.11.11.11.17.37.31.1	
7. JORDAN, Jo				
8. KOBAYASHI, Bertrand		(3) 高州 弘明 (1) (3) 『神武氏』 - 京石書の11 7		
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				
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TOTAL (17)	12	l	2	2
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature.				
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