

Honolulu, Hawaii

February 28, 2014

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, Hawai'i 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.

HB2135 HD1 HSCR FIN HMS 2014-2088



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 LUKE, Chair



