

STAND. COM. REP. NO.

602

Honolulu, Hawaii

February 15, 2013

RE: H.B. No. 506

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. 506  
entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this measure is to prohibit the State from  
paying or reimbursing contractors for the general excise tax.

The Office of the Auditor testified in support of this  
measure. The Department of Taxation submitted comments on the  
measure.

In a report entitled "Management Audit of the Department of  
Education's School Bus Transportation Services" (Report No. 12-  
07), the Auditor found that the Department of Education includes  
in its contracts with school bus service providers a provision  
specifying that the Department will pay the general excise taxes  
of these contractors. Your Committee finds that this measure  
implements the Auditor's recommendation that the general excise  
tax law (chapter 237, Hawaii Revised Statutes) be amended to  
explicitly prohibit the State from paying or reimbursing  
contractors for general excise taxes.

Your Committee has amended this measure by changing the  
effective date to July 1, 2030, to facilitate further discussion  
on the measure.

HB506 HD1 HSCR LRB 13-1327-1.doc



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. 506, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 506, H.D. 1, and be placed on the calendar for Third Reading.

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

A handwritten signature in black ink, appearing to read 'SYLVIA LUKE', written over a horizontal line.

SYLVIA LUKE, Chair



