

STAND. COM. REP. NO.

1461

Honolulu, Hawaii

April 5

, 2013

RE: S.B. No. 1190
S.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. 1190, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE IMPOSITION OF USE TAX ON IMPORTED CONTRACTING,"

begs leave to report as follows:

The purpose of this measure is to clarify taxation of imported contracting under state use tax law.

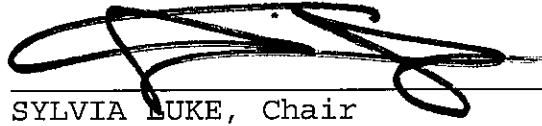
The Department of Taxation submitted testimony in support of the measure. The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that the current use tax treatment of imported contracting is unclear. Because the use tax is intended to complement the general excise tax, contracting should be taxed similarly under both use and general excise tax laws. This measure would promote the consistent application of the use tax on imported contracting, thus resolving uncertainty for state taxpayers.

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. 1190, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.



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



SYLVIA LUKE, Chair



