

STAND. COM. REP. NO. 467

Honolulu, Hawaii

FEB 28 2013

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

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1193 entitled:

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

begs leave to report as follows:

The purpose and intent 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. The North West and Canada Cruise Association testified in opposition to the measure. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that the tax exemption provided by section 237-24.3(2)(C), Hawaii Revised Statutes, was intended to incentivize the purchase of food from local agricultural sources. However, in its present form, the exemption applies to any person selling any food to common carriers for consumption out of state. Your Committee finds that this broad exemption should be eliminated because it defeats the original purpose of the exemption and provides an unnecessary tax break to common carriers and the catering companies that serve those common carriers.

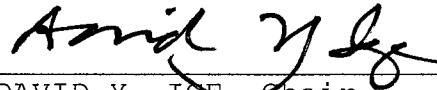


Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1193, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1193, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1193	WAM	2-12-13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert				✓
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.				✓
SLOM, Sam			✓	
TOTAL	10	0	1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes