

STAND. COM. REP. NO.

3027

Honolulu, Hawaii

MAR 21 2018

RE: H.B. No. 2416
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2416, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX ON INTANGIBLE PROPERTY,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify how the use of intangible property is treated under the State's general excise and use tax laws.

Specifically, the measure clarifies that:

- (1) Intangible property used outside the State shall be exempted from the general excise tax; and
- (2) Intangible property acquired from an unlicensed seller and used in the State is subject to the use tax.

Your Committee received testimony in support of this measure from the Department of Taxation.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

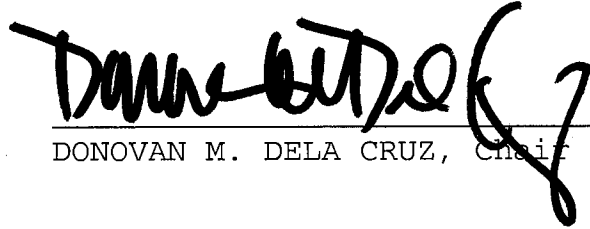


Your Committee finds that this measure will clarify the application of the state general excise and use taxes to intangible property.

Your Committee has amended this measure by clarifying that the use tax does not apply to stocks and bonds.

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 H.B. No. 2416, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2416, H.D. 1, 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,


DONOVAN M. DELA CRUZ, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB2416, HDI	Committee Referral: WAM	Date: 3/13/18		
<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
DELA CRUZ, Donovan M. (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)				✓
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.	✓			
KAHELE, Kaiali'i	✓			
KIDANI, Michelle N.	✓			
RIVIERE, Gil	✓			
SHIMABUKURO, Maile S.L.				✓
WAKAI, Glenn	✓			
TOTAL	9			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes