

STAND. COM. REP. NO. 1945-18

Honolulu, Hawaii
APR 06 , 2018

RE: S.B. No. 2890
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2890, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to improve the collection of the general excise tax by:

- (1) Establishing that a person with no physical presence in the State shall be considered to be engaged in business in the State if, in the current or immediately preceding calendar year, the person has gross receipts attributable to transactions in the State totaling \$100,000 or more; and
- (2) Clarifying that a person, defined as a "marketplace provider", who sells or assists in the sale of tangible personal property and who provides customer service, processes payments, and controls fulfillment is the seller of the property for general excise tax and use tax purposes.

The Retail Merchants of Hawaii supported this measure. Amazon, CompTIA, NetChoice, Internet Coalition, Technet, and

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Internet Association opposed this measure. The Department of the Attorney General, Department of Taxation, Tax Foundation of Hawaii, Uber Technologies, Online Merchants Guild, Hanalei Company, The Chamber of Commerce Hawaii, and a concerned individual provided comments.

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

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. 2890, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2890, S.D. 2, 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



