

Honolulu, Hawaii

FEB 20 2019

RE: S.B. No. 1360
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1360 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to require partnerships, estates, and trusts to withhold taxes on the income of nonresident partners and beneficiaries.

Your Committee received comments on this measure from the Department of Taxation, Master Limited Partnership Association, and Tax Foundation of Hawaii.

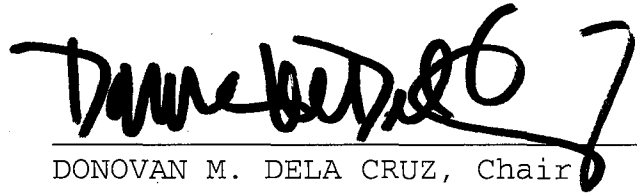
Your Committee finds that, under current state law, partnerships, estates, and trusts who do business in Hawaii are not required to pay income tax to the State, on the premise that their partners or beneficiaries will pay the state income tax on their distributive shares of the underlying entity's income. Your Committee further finds that the State currently has no means of compelling payment from nonresident partners or beneficiaries who choose not to pay the state income tax on their distributive shares of income.

Your Committee has amended this measure by clarifying how the amount withheld by partnerships, estates, and trust is to be calculated.



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. 1360, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1360, 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,

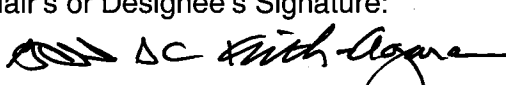
A handwritten signature in black ink, appearing to read "Donovan M. DeLa Cruz", written over a horizontal line.

DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 1360	Committee Referral: WAM	Date: 2/11/19		
<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)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.				X
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.				X
FEVELLA, Kurt	X			
TOTAL	10			3
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