

STAND. COM. REP. NO.

719

Honolulu, Hawaii

FEB 28 2019

RE: S.B. No. 19  
S.D. 2

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. 19, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SURPLUS LINES,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the calculation of the surplus lines insurance premium tax to tax the entirety of the premium using the rate established by Hawaii statute, regardless of location of risk.

Your Committee received written comments in support of this measure from the Wholesale & Specialty Insurance Association and American Property Casualty Insurance Association.

Your Committee received written comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that this measure repeals language authorizing the Insurance Commissioner to enter into an interstate compact to collect surplus lines premium taxes. Under current law, the interstate compact, among other things, requires the State to use a method in cooperation with other states in allocating risk and computing taxes due on premiums to each state where properties, risks, or exposures are located. Your Committee recognizes that a very small minority of states have signed onto this interstate compact, and it is more beneficial for the State



to use a system where surplus lines brokers make direct payments to the Director of Finance.

Your Committee has amended this measure by changing its effective date to July 1, 2050, to facilitate further discussion on the measure.

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. 19, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 19, S.D. 2.


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

  
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.:* <b>SB 19, SD1</b>	Committee Referral: <b>CPH, WAM</b>	Date: <b>2/14/19</b>		
<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			
<b>TOTAL</b>	<b>10</b>			<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original                              Yellow                              Pink                              Goldenrod File with Committee Report            Clerk's Office                              Drafting Agency                              Committee File Copy				

\*Only one measure per Record of Votes