

Honolulu, Hawaii

MAR - 3 2022

RE: S.B. No. 2020
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2020 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify that sales to a licensed retail merchant, jobber, or other licensed seller for resale, and certain sales of tangible personal property, are only eligible for the wholesale tax rate if the resale will be subject to the highest general excise tax rate.

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

Your Committee received testimony in opposition to this measure from the Chamber of Commerce Hawaii, Hawaii Pacific Health, Queens Health System, and Walgreens.

Your Committee received comments on this measure from the Hawaii Health Systems Corporation, Tax Foundation of Hawaii, and Healthcare Association of Hawaii.

Your Committee recognizes that the wholesale rate for the general excise tax was adopted to relieve taxpayers from the pyramid effect of the tax. Your Committee notes the application of the wholesale rate contemplated that a subsequent sale taxed at

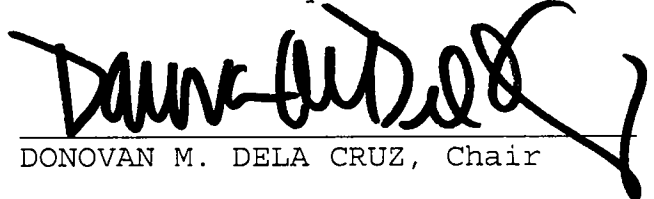


the highest rate of tax would occur. Accordingly, your Committee believes that this measure will restore the intent behind the implementation of the wholesale rate and help ensure the orderly administration of taxes.

Your Committee has amended this measure by making the measure effective upon its approval.

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. 2020, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2020, 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
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2020	Committee Referral: WAM	Date: 2/24/22		
<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			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MISALUCHA, Bennette E.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	11			
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