

Honolulu, Hawaii

MAR 01 2024

RE: S.B. No. 2514
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2514, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ATTORNEYS,"

begs leave to report as follows:

The purpose and intent of this measure is to improve enforcement of the State's tax laws.

More specifically, this measure requires attorneys who are applying for a pro hac vice appearance in the State's courts to provide:

- (1) Evidence of local counsel's Hawaii business registration;
- (2) The applicant's Hawaii general excise tax license number;
- (3) An affirmation that both the applicant and local counsel shall pay all state income tax due for Hawaii business activities; and
- (4) All other information or documentation required by the rules of the Hawaii Supreme Court.



Your Committee received written comments in opposition to this measure from the Judiciary.

Your Committee received written comments on this measure from the Tax Foundation of Hawaii and one individual.

Your Committee finds that out-of-state attorneys who practice in Hawaii's courts pro hac vice may be unaware that they owe the state general excise tax. Your Committee also finds that, unlike a sales tax in most other states, Hawaii's general excise tax applies to both gross rental income and gross service income. Your Committee believes that amending the process by which out-of-state attorneys are admitted to practice law in Hawaii's courts will help inform the attorneys of their state tax obligations when conducting business in Hawaii.

Your Committee further notes the concerns raised by the Judiciary and Tax Foundation of Hawaii that the measure, as currently drafted, may pose a constitutional problem. Article VI, section 7, of the Hawaii State Constitution states that "[t]he supreme court shall have power to promulgate rules and regulations in all civil and criminal cases for all courts relating to process, practice, procedure and appeals, which shall have the force and effect of law." By requiring the Supreme Court to amend its rules regarding the admittance of pro hac vice counsel, this measure presents a separation of powers question.

To allow for further discussion, your Committee has amended this measure by making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

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. 2514, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2514, S.D. 2.



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

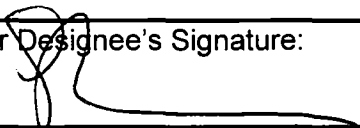


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Second Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB2514 SDI	Committee Referral: JDC, WAM	Date: 2/22/24		
<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			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
HASHIMOTO, Troy N.	X			
INOUE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13	0	0	0
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