STAND. COM. REP. NO. 1512

Honolulu, Hawaii

APR 0 4 2007

RE:

H.B. No. 317

H.D. 2

S.D. 2

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 317, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROFESSIONAL EMPLOYMENT ORGANIZATIONS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Exempt from the general excise tax, amounts that a client company pays to a professional employment organization that will be expended to pay the wages, salaries, payroll taxes, and benefits of the employees hired by a client company; and
- (2) Provide that the exemption shall not apply if the professional employment organization has failed to pay any tax withholding or any federal or state taxes.

The Department of Taxation and the Tax Foundation of Hawaii submitted written comments on this measure.

Your Committee finds that this legislation would lend clarity to the administration of and the compliance with the general excise tax law for both the Department of Taxation and taxpayers.

Your Committee has amended this measure by further specifying that the proposed exemption language in section 237-24.75(2),

2007-2648 SSCR SMA.doc



Hawaii Revised Statutes, shall not apply to a professional employment organization upon failure of the professional employment organization to collect, account for, and pay over any income tax withholding.

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 H.B. No. 317, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 317, H.D. 2, S.D. 2.

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

ROSALYN W. BAKER, Chair

The Senate Twenty-Fourth Legislature State of Hawaii

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee	Referral:	D	ate:	
HB 317 HD2, SDI EDT,		, WAM		3/29/07	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)		/			
TSUTSUI, Shan S. (VC)					
CHUN OAKLAND, Suzanne					
ENGLISH, J. Kalani					
FUKUNAGA, Carol					
HOOSER, Gary L.					
KIM, Donna Mercado					
MENOR, Ron					
TOKUDA, Jill N.					·
HEMMINGS, Fred		/			
WHALEN, Paul		/			
					ing and a little and a contract of the contrac
TOTAL		9	0		2
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency					

*Only one measure per Record of Votes