STAND. COM. REP. NO. 344

Honolulu, Hawaii

Fe-713, 2007

RE: H.B. No. 1755 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns, to which was referred H.B. No. 1755 entitled:

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

begs leave to report as follows:

The purpose of this bill is to clarify the applicability of the reduced general excise tax (GET) rate of 0.5 percent for business-to-business services by providing that the reduced rate applies to dealers who furnish goods or services to the purchaser of tangible personal property to fulfill the manufacturer's warranty obligation.

The Hawaii Automobile Dealers' Association supported this bill. The Department of Taxation (DoTax) commented.

Your Committee finds that to reduce the effects of pyramiding of the GET on business and consumers, the Legislature reduced the GET on business-to-business services to 0.5 percent as of January 1, 2006. This bill will dispel any confusion with regard to the rate of taxation of warranty service work performed on behalf of the manufacturer of tangible property.

Your Committee respectfully requests the Committee on Finance to evaluate the financial impact of this bill on tax revenues, which DoTax estimates will be reduced by approximately \$2,800,000 per year. Your Committee has changed the bill's effective date to July 1, 2034, to allow for further discussion of this bill.

HB1755 HD1 HSCR EDB HMS 2007-2001



As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1755, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1755, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Economic Development & Business Concerns,

KYLE T. YAMASHITA, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature



Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.: HB 1755	Date: February 8, 2	007	
Committee Referral: EDB, FIN	☐ The committee is reconsidering its previous decision on the measure.		
The recommendation is to: Pass, unamended	Pass, with amendments		
☐ Hold	Pass, with amendments, for recommittal for further consideration		
EDB Members	Ayes (WR)	Nays Excused	
1. YAMASHITA, Kyle T. (C)			
2. WAKAI, Glenn (VC)			
3. BERG, Lyla B., Ph.D.			
4. BROWER, Tom			
5. CHANG, Jerry L.			
6. HANOHANO, Faye P.			
7. HERKES, Robert N.			
8. MANAHAN, Joey			
9. TSUJI, Clift			
10. YAMANE, Ryan I.		·	
11. CHING, Corinne W.L.			
12. MARUMOTO, Barbara C.			
	/		
TOTAL	10 \$	92	
The recommendation is: Adopted Not Adopted If joint referral, did not support recommendation.			
committee acronym(s)			
Vice Chair's or designee's signature:			
Distribution: Original (White) - Committee Duplicate (Yellow) - Clerk's Office			