STAND. COM. REP. NO.

2510

Honolulu, Hawaii FFR 15 7008

RE: S.B. No. 2315

S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 2315, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to clarify that each corporate or other attorney-in-fact of a reciprocal insurer is subject to all taxes imposed upon corporations or others doing business in the State, other than taxes on income or gross receipts derived from its principal business as attorney-in-fact.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and Property and Casualty Insurers of America. Comments were received from the Tax Foundation of Hawaii.

The intent of this measure is to ensure that:

- (1) A reciprocal insurer and its attorney-in-fact are treated as a single entity for tax purposes; and
- (2) The general excise tax exemption applies to "insurers", rather than to "insurance companies".

Your Committee finds that fair treatment should be afforded to reciprocal insurers and their attorneys-in-fact. This measure assures that reciprocal insurers and their policyholders are given the same exemption from the general excise tax on gross premiums that is extended to insurers that operate under other business structures.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2315, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Economic Development and Taxation,

CANA Julimage
CAROL FUKUNAGA, Chair

The Senate Twenty-Fourth Legislature State of Hawaii

Record of Votes Committee on Economic Development and Taxation EDT

	CPH, EDT, WAM			ate: 2/14/08	
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	
FUKUNAGA, Carol (C)					
ESPERO, Will (VC)	/				
BAKER, Rosalyn H.					
ENGLISH, J. Kalani					
IGE, David Y.					
SLOM, Sam					
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				Same for the section of the section of	
TOTAL	5			/	
Recommendation: Adopted 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