STAND. COM. REP. NO.

Honolulu, Hawaii **F. 4**, 2009 RE: H.B. No. 194 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 194 entitled:

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

begs leave to report as follows:

The purpose of this bill is to clarify that the tax exemption provided for in the professional employment organizations (PEOs) law only applies to general excise taxes on payroll services provided to client companies.

Testimony in support of this bill was submitted by the National Association of Professional Employer Organizations and ALTRES, Inc. The Department of Labor and Industrial Relations supported this bill and suggested amendments. The Department of Taxation had no comments on this measure.

Your Committee finds that the provisions currently exempting PEOs from the general excise tax are confusing and unclear. Accordingly, your Committee has amended this bill to make the exemption language even more precise.

Other technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs



STAND. COM. REP. NO. Page 2

that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 194, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 194, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

> Respectfully submitted on behalf of the members of the Committee on Economic Revitalization, Business, & Military Affairs,

ANGUS L.K. MCKELVEY, Chair



State of Hawaii House of Representatives The Twenty-fifth Legislature



Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

Bill/Resolution No.: HB 194	mittee Referral: EBM	Date:	Date: 1/29/2009	
□ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) 				
EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	V			
	a de la traite de			
2. CHOY, Isaac W. (VC)				
3. BERG, Lyla B.				V
4 EVANS Cada				
4. EVANS, Cindy				
5. MANAHAN, Joey				
6. TAKAI, K. Mark				V
7. TOKIOKA, James Kunane				
8. TSUJI, Clift	✓			
9. WAKAI, Glenn				
10 WOOLEY Logics			品的PERCENT	
10. WOOLEY, Jessica				
11. WARD, Gene				n en anne an
		1		
TOTAL (11)	7			4
The recommendation is: Adopted In Not Adopted In joint referral, did not support recommendation.				
Vice Chair's or designee's signature:? Nam WMay				
Distribution: Original (White) – Committee	Duplicate (Yellow) -	- Chief Clerk's Office	Duplicate ()	Pink) – HMSO