CONFERENCE COMMITTEE REP. NO.

, 2010



Honolulu, Hawaii

APR 2 2 2010 RE: S.B. No. 1230 S.D. 2 H.D. 1 C.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1230, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION, "

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to clarify the definition of large and little cigars for purposes of application of the general excise tax. In addition, this measure limits the general excise tax on the wholesale price of each cigar sold, used, or possessed by a wholesaler or dealer to large cigars.

Currently, Hawaii law taxes cigars based on the cigar's ring gauge. This has resulted in the unintended consequence of enabling the misclassification of large and little cigars, resulting in the loss of tax revenue to the State. Your Committee on Conference finds that by defining "little cigar" and "large cigar" by weight rather than by ring gauge, this measure appropriately defines these

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products in line with how the other states and the federal government define these products for tax purposes. In this way, among others, this measure provides needed clarity to ensure that the tax on these products is applied as intended, thus enabling the State to realize the revenues to which it is statutorily entitled.

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Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity and accuracy.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1230, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1230, S.D. 2, H.D. 1, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

MARCUS R. OSHIRO, Chair

ON THE PART OF THE SENATE

ROSALYN H. BAKER, Chair

DAVTD

DONNA MERCADO KIM, Co-Chail



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Hawaii State Legislature

Record of Votes of a Conference Committee



Bill / Concurrent Resolution No.:					Date/Time:				
SB 1230, SD 2, HD 1				A · 20 - 2010 5:12 PM					
The recommendation of the House and Senate managers is to pass with amendments (CD).									
The Committee is reconsidering its previous decision.									
The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	Е	House Managers	A	WR	Ν	Е
BAKER, Rosalyn H., Chr.					OSHIRO, Marcus R., Chr.				
IGE, David Y., Co-Chr.	1		_		CHONG, Pono	\checkmark			
KIM, Donna Mercado, Co-Chr.	\checkmark				CHOY, Isaac W.				
KOKUBUN, Russell S.				~	LEE, Marilyn B.	$\overline{\mathbf{V}}$			
TSUTSUI, Shan S.				~	MARUMOTO, Barbara C.	V			
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Senate Recommendation is:					House Recommendation is:				
Adopted Not Adopted				Adopted Not Adopted					
Senate Load Chair's or Designee's Signature:				House Lead Chair's or Designee's Signature:					
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File with Conference Committee Report House Clerk's Office Senate Clerk's Office Drafting Agency									