STAND. COM. REP. NO. 1478 Honolulu, Hawaii , 2011 April 8 RE: S.B. No. 1107 S.D. 1 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1107, S.D. 1, H.D. 1, 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 address taxation in the State by, among other things:

- Exempting from the General Excise Tax (GET) certain amounts received by specified related entities;
- (2) Specifying that the Director of Taxation may subpoena witnesses, examine them under oath, and require the production of books, papers, documents, or other records, including electronic records, that are material or relevant to a criminal investigation conducted by the Director;
- (3) Establishing parameters for the use of subpoena powers in criminal investigations conducted by the Director; and
- (4) Specifying that compliance with a subpoena issued by the Department of Taxation (DOTAX) will not give rise to a civil action for damages against an individual who has complied with the subpoena.



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A concerned individual supported this measure. DOTAX, the Tax Foundation of Hawaii, and a concerned individual provided comments.

Your Committee has amended this bill by:

- (1) Clarifying which amounts received by specified related entities are exempt from the GET;
- (2) Removing provisions related to DOTAX's subpoena authority;
- (3) Changing its effective date to July 1, 2011; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1107, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1107, S.D. 1, H.D. 2.

> Respectfully submitted on behalf of the members of the Committee on Finance,

MARCUS R. OSHIRO, Chair



HGCR 1478

State of Hawaii House of Representatives The Twenty-sixth Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral:		Date: / /	
SBII07, SDI, HDI	ERB, FIN		3/31/11	
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: D Pass, unamended (as is) Pass, with amendments (HD) D Hold				
Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)				-
2. LEE, Marilyn B. (VC)				
3. CHONG, Pono				
4. CHOY, Isaac W.				
5. COFFMAN, Denny	V .			
6. CULLEN, Ty				
7. HAR, Sharon E.				·
8. HASHEM, Mark J.				
9. ICHIYAMA, Linda				
10. JORDAN, Jo				
11. LEE, Chris				
12. MORIKAWA, Dee				
13. TOKIOKA, James Kunane				······································
14. YAMASHITA, Kyle T.	L-			
15. MARUMOTO, Barbara C.				
16. RIVIERE, Gil	<i>L</i>			
17. WARD, Gene				
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TOTAL (17)	17	O	Ò	\bigcirc
The recommendation is: Adopted				
If joint referral, did not support recommendation.				
Vice Chair's or designee's signature: Mail_3. Let				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				