STAND. COM. REP. NO.

Honolulu, Hawaii **Change 15**, 2013 RE: H.B. No. 506 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 506 entitled:

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

begs leave to report as follows:

The purpose of this measure is to prohibit the State from paying or reimbursing contractors for the general excise tax.

The Office of the Auditor testified in support of this measure. The Department of Taxation submitted comments on the measure.

In a report entitled "Management Audit of the Department of Education's School Bus Transportation Services" (Report No. 12-07), the Auditor found that the Department of Education includes in its contracts with school bus service providers a provision specifying that the Department will pay the general excise taxes of these contractors. Your Committee finds that this measure implements the Auditor's recommendation that the general excise tax law (chapter 237, Hawaii Revised Statutes) be amended to explicitly prohibit the State from paying or reimbursing contractors for general excise taxes.

Your Committee has amended this measure by changing the effective date to July 1, 2030, to facilitate further discussion on the measure.



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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 H.B. No. 506, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 506, H.D. 1, and be placed on the calendar for Third Reading.

HB506 HD1 HSCR LRB 13-1327-1.doc

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

SYLVIA LUKE, Chair

State of Hawaii House of Representatives The Twenty-seventh Legislature

HELR 602

Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral:		Date:	
HB 506	FIN		2/14/13	
□ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Dess, unamended (as is)				
Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)				
3. JOHANSON, Aaron Ling (VC)				
4. CULLEN, Ty J.K.	/			
5. HASHEM, Mark J.				
6. ING, Kaniela				
7. JORDAN, Jo				
8. KOBAYASHI, Bertrand				
9. LOWEN, Nicole E.				
10. MORIKAWA, Dee				
11. ONISHI, Richard H.K.				
12. TAKAYAMA, Gregg				
13. TOKIOKA, James Kunane				
14. WOODSON, Justin H.				
15. YAMASHITA, Kyle T.				
16. FUKUMOTO, Beth				
17. WARD, Gene				
TOTAL (17)	(5			2
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				