STAND. COM. REP. NO. 146

Honolulu, Hawaii April 5 , 2013 RE: S.B. No. 1190 S.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 S.B. No. 1190, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE IMPOSITION OF USE TAX ON IMPORTED CONTRACTING,"

begs leave to report as follows:

The purpose of this measure is to clarify taxation of imported contracting under state use tax law.

The Department of Taxation submitted testimony in support of the measure. The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that the current use tax treatment of imported contracting is unclear. Because the use tax is intended to complement the general excise tax, contracting should be taxed similarly under both use and general excise tax laws. This measure would promote the consistent application of the use tax on imported contracting, thus resolving uncertainty for state taxpayers.

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. 1190, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.



STAND. COM. REP. NO. 1461 Page 2

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



Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral:	:		
SB1190 SD1	FIN 03/14/13			
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)				
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)	16			
The recommendation is: Adopted D Not Adopted				
If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				