

Honolulu, Hawaii  
February 14, 2014

RE: H.B. No. 1651

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 1651 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to require the collection of use taxes by sellers of tangible personal property who enter into agreements under which a person in the State refers potential purchasers to the seller, including by an internet link or web site, or performs related services in the State on behalf of the seller.

The Chamber of Commerce of Hawaii testified in support of the measure. The Department of Taxation and the Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that the Department of Taxation is unable to monitor the majority of transactions to which the existing use tax applies, which hinders its ability to collect the use taxes that are owed to the State. Your Committee also finds that this measure is an attempt to improve the State's ability to capture taxes owed by out-of-state businesses by specifying the business activities that would constitute a sufficient connection with Hawaii to enable the State to tax these activities.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No.



1651 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

*Karl Rhoads*

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KARL RHOADS, Chair



HSCR 457-14

Bill/Resolution No.: <b>HB 1651</b>	Committee Referral: <b>JUD, FIN</b>	Date: <b>2/11/14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
JUD Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	X			
2. HAR, Sharon E. (VC)	X			
3. BELATTI, Della Au	X			
4. BROWER, Tom	X			
5. CREAGAN, Richard	X			
6. ITO, Ken	X			
7. KAWAKAMI, Derek S.K.	X			
8. LEE, Chris	X			
9. NAKASHIMA, Mark M.	X			
10. TSUJI, Clift	X			
11. WOOLEY, Jessica	X			
12. MCDERMOTT, Bob				X
13. THIELEN, Cynthia				X
TOTAL (13)	<b>11</b>			<b>2</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____				
<b>Distribution:</b> Original (White) – Committee     Duplicate (Yellow) – Chief Clerk's Office     Duplicate (Pink) – HMSO				