STAND. COM. REP. NO.

Honolulu, Hawaii

March 6

, 2015

RE: H.B. No. 968

H.D. 2

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2015 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 968, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LIABILITY FOR AMOUNTS PASSED ON AS TAX,"

begs leave to report as follows:

The purpose of this measure is to ensure that taxpayers, who itemize and pass on taxes to consumers, remit those taxes to the State. Specifically, this measure:

- (1) Creates a conclusive presumption that a taxpayer is liable for any amounts passed on to consumers as payment for any tax authorized by title 14, Hawaii Revised Statutes, unless the taxpayer returns the overpayment to the consumer;
- (2) Requires the Department of Taxation to adopt administrative rules stating the maximum rates at which taxes may be passed on to consumers;
- (3) Provides for a civil penalty for passing on taxes in excess of the maximum rates established by administrative rules; and
- (4) Provides for notice to the Department of Commerce and Consumer Affairs of violations.



The Department of Taxation provided testimony in support of this measure. A concerned individual opposed this measure. The Tax Foundation of Hawaii and Chamber of Commerce Hawaii submitted comments.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2030, to facilitate further discussion; and
- (2) 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 H.B. No. 968, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 968, H.D. 2.

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

SYLVIA LUKE, Chair

State of Hawaii House of Representatives The Twenty-eighth Legislature



Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 968, HD1	Committee Referral: JUD, FIN			
☐ 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)		· · · · · · · · · · · · · · · · · · ·	The Part	
2. NISHIMOTO, Scott Y. (VC)				
3. CACHOLA, Romy M.				
4. CULLEN, Ty J.K.				12 10 1
5. DECOITE, Lynn				
6. JOHANSON, Aaron Ling		/		
7. JORDAN, Jo			11 11 1 12 12	
8. KEOHOKALOLE, Jarrett				
9. KOBAYASHI, Bertrand				
10. LOWEN, Nicole E.			•	
11. ONISHI, Richard H.K.				
12. TOKIOKA, James Kunane				
13. YAMASHITA, Kyle T.				
14. POUHA, Feki		/		
15. WARD, Gene				
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			774	
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TOTAL (15)	&	6		
The recommendation is: Adopted If joint referral, committee acronym(s) Adopted did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				