Honolulu, Hawaii

February 3, 2017

RE: H.B. No. 398 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 398 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to require retailers and vendors that do not pay or collect general excise or use tax to:

- (1) Send notifications to all purchasers in the State by January 31 of each year to inform them that they may be required to pay use tax on certain purchases; and
- (2) File an annual statement showing the total amount paid for purchases by purchasers in the State.

The Hawaii Association of Public Accountants, Retail Merchants of Hawaii, the Chamber of Commerce of Hawaii, and an individual supported this measure. The Internet Association opposed this measure. The Department of Taxation and the Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this measure by:

(1) Changing the effective date to July 1, 2038, to encourage further discussion; and

(2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 398, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 398, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on behalf of the members of the Committee on Economic Development & Business,

MARK M. NAKASHIMA, Chair

## State of Hawaii House of Representatives HSCR 27 The Twenty-ninth Legislature

## **Record of Votes of the Committee on Economic Development & Business**

Bill/Resolution No.: HB 398	Committee Referral:  FDB, CPC, FIN	Date 2	1/17	
θ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: $\theta$ Pass, unamended (as is) $\theta$ Pass, with amendments (HD) $\theta$ Hold $\theta$ Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)				
2. KEOHOKALOLE, Jarrett (VC)				
2 HOLT Decid				
3. HOLT, Daniel				
4. JOHANSON, Aaron Ling				<u> </u>
5. TAKUMI, Roy M.				
6. YAMASHITA, Kyle T.				
7. MATSUMOTO, Lauren Kealoh	ilani /			-
,				
TOTAL (7)	7			
The recommendation is: θ Adopted θ 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				