STAND. COM. REP. NO. 866

Honolulu, Hawaii

February 20, 201

RE: H.B. No. 1044

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2019 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1044 entitled:

"A BILL FOR AN ACT RELATING TO MARKET-BASED SOURCING,"

begs leave to report as follows:

The purpose of this measure is to reduce the complexity of managing state tax bases for multi-state businesses by adopting market-based sourcing for the imposition of state income tax on sales of services and intangibles under the Uniform Division of Income for Tax Purposes Act.

The Department of Taxation supported this measure. The Tax Foundation of Hawaii provided comments.

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. 1044 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SYLVIA LUKE, Chair

State of Hawaii House of Representatives The THIRTIETH Legislature



Record of Votes of the Committee on Finance

| Bill/Resolution No.: HS 1044 | mmittee Referral: | Date | 2-6- | 2019 |
|--|---|--------------------|------|---------|
| ☐ The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: Pass, unan Pass short | nended (as is) Pass form bill with HD to recom | s, with amendments | , , | |
| FIN Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. LUKE, Sylvia (C) | | | | : |
| 2. CULLEN, Ty J.K. (VC) | | | | |
| 3. ELI, Stacelynn K.M. | | | | |
| 4. GATES, Cedric Asuega | | | | |
| 5. HASHIMOTO, Troy N. | | | | |
| 6. HOLT, Daniel | | | | |
| 7. KITAGAWA, Lisa | | | | |
| 8. KOBAYASHI, Bertrand | | | | |
| 9. MATAYOSHI, Scot Z. | | | | |
| 10. NAKAMURA, Nadine K. | | | | - |
| 11. NISHIMOTO, Scott Y. | | | | |
| 12. TODD, Chris | | | | |
| 13. WILDBERGER, Tina | | | | |
| 14. YAMASHITA, Kyle T. | | | | |
| 15. McDERMOTT, Bob | | | | |
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| TOTAL (15) | 14 | Ø | Ø | / |
| The recommendation is: 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 | | | | |