

STAND. COM. REP. NO.

161

Honolulu, Hawaii

FEB 11 2019

RE: S.B. No. 1158
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B. No. 1158 entitled:

"A BILL FOR AN ACT RELATING TO SCHOOL SUPPLIES,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a general excise tax holiday for consumers and businesses for school supplies sold during the weekend prior to the start of the school year on condition that businesses pass the savings on to consumers.

Your Committee received testimony in support of this measure from the Hawaii State Teachers Association and one individual. Your Committee received comments on this measure from the Department of Taxation, Department of Education, Department of the Attorney General, and Tax Foundation of Hawaii.

Your Committee finds that Hawaii taxpayers are some of the most overburdened taxpayers in the nation. This burden is most severe when consumers are taxed on critical items needed for school. Additionally, several states have temporary state sales tax holidays. A school supply tax holiday would have the effect of stimulating retail sales and help consumers and retailers alike. This measure allows for residents of this State to retain more of their money to spend in more beneficial ways.



Your Committee has amended this measure by:

- (1) Specifying that the school supply tax holiday shall take place on the weekend two weeks, rather than one week, prior to the first day of public school;
- (2) Deleting language that would have prohibited the exemption of the general excise tax for mail, telephone, electronic mail, or internet orders with businesses operating outside the State;
- (3) Specifying that the general excise tax holiday shall apply to businesses operating with a general excise tax license from the Department of Taxation;
- (4) Expanding the definition of "school supply" to include textbooks; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1158, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1158, S.D. 1, and be referred to your Committee on Ways and Means.

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



MICHELLE N. KIDANI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Education
EDU

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1158	EDU, WAM	2/4/19		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIDANI, Michelle N. (C)	/			
KIM, Donna Mercado (VC)	/			
DELA CRUZ, Donovan M.	/			
KANUHA, Dru Mamo	/			
FEVELLA, Kurt	/			
TOTAL	5			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes