

Honolulu, Hawaii

FEB 09 , 2022

RE: H.B. No. 1407

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred
H.B. No. 1407 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify that sales to a licensed retail merchant, jobber, or other licensed seller for resale are only eligible for the wholesale tax rate if the resale is subject to the highest general excise rate; and
- (2) Allow the resale of a service or tangible personal property that is subject to the highest general excise tax rate to be eligible for the wholesale tax rate under certain circumstances.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received testimony in opposition to this measure from the Chamber of Commerce Hawaii, Hawai'i Pacific Health, The Queen's Health Systems, and Walgreen Co. Your Committee received comments on this measure from the Hawaii Health Systems Corporation Corporate Board of Directors, Tax Foundation of Hawaii, and Healthcare Association of Hawaii.



Your Committee finds that existing law provides certain wholesalers a lower general excise tax rate due to inadvertent elimination of language in the general excise tax law that occurred over the past couple decades. Your Committee believes that it was the original intent of the Legislature to require within a transaction chain a sale at the highest general excise tax rate in order for a taxpayer to be eligible for the wholesale general excise tax rate. This measure clarifies when the wholesale general excise tax rate is applicable for certain resale transactions.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1407 and recommends that it pass Second Reading and be referred to your Committee on Consumer Protection & Commerce.

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



SEAN QUINLAN, Chair



State of Hawaii
House of Representatives
The Thirty-first Legislature

HSCR 112-22

Record of Votes of the Committee on Economic Development

Bill/Resolution No.: HB 1407	Committee Referral: ECD, CPC, FIN	Date: 2/2/22		
<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)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)	✓			
2. HOLT, Daniel (VC)	✓			
3. BELATTI, Della Au				✓
4. KOBAYASHI, Dale T.	✓			
5. ONISHI, Richard H.K.	✓			
6. SAYAMA, Jackson D.	✓			
7. TAKAYAMA, Gregg	✓			
8. OKIMOTO, Val	.	✓		
TOTAL (8)	6	1	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				