

STAND. COM. REP. NO.

2427

Honolulu, Hawaii

FEB 15 2024

RE: S.B. No. 2514

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2514 entitled:

"A BILL FOR AN ACT RELATING TO ATTORNEYS,"

begs leave to report as follows:

The purpose and intent of this measure is to strengthen the State's tax laws by requiring attorneys who are applying for a pro hac vice appearance in the State's courts to provide:

- (1) Evidence of local counsel's Hawai'i business registration;
- (2) The applicant's Hawai'i general excise tax license number;
- (3) An affirmation that both the applicant and local counsel will pay all state income tax due for Hawai'i business activities; and
- (4) All other information or documentation required by the rules of the Hawai'i Supreme Court.

Your Committee received testimony in support of this measure from the Hawaii Association of Public Accountants and three individuals.



Your Committee received testimony in opposition to this measure from The Judiciary.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that out-of-state attorneys who practice in the State's courts pro hac vice may be unaware that they owe the State general excise tax. Unlike the general excise tax in most states, Hawai'i's tax applies to both gross rental income and gross service income. This measure will help inform attorneys of their state tax obligations by amending the process by which out-of-state attorneys are admitted to practice law in the State's courts.

Your Committee notes that the Hawai'i Supreme Court has begun to address the issue of informing pro hac vice attorneys of their state tax obligations by proposing rule changes.

Your Committee has amended this measure by:

- (1) Inserting an effective date of April 15, 2112, to encourage further discussion; and
- (2) 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 Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2514, S.D. 1, and be referred to your Committee on Ways and Means.

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



KARL RHOADS, Chair



