

STAND. COM. REP. NO.

3424

Honolulu, Hawaii

APR 04 2008

RE: H.B. No. 2456
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2456, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to extend to reciprocal beneficiaries and domestic partners the same income tax exclusion as provided to married couples for employer-provided health benefits.

Specifically, this measure excludes from gross income, adjusted gross income, and taxable income, the value of health insurance and other direct or indirect benefits provided by an employer to an employee in excess of what the employer provides or would provide to single employees, when those benefits are provided to the employee based on the employee's status as a reciprocal beneficiary or a domestic partner. This measure takes effect on January 1, 2020.

Your Committee received testimony in support of this measure from Pride At Work Hawaii and one individual. The Department of Taxation and the Tax Foundation of Hawaii offered comments.

Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2009; and

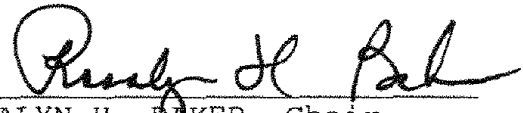


- (2) Removing all references to "domestic partner", because unlike reciprocal beneficiaries, domestic partnership is not generally recognized under Hawaii law.

Your Committee finds that this measure provides a measure of equity in the State's income tax law that is overdue.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2456, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2456, H.D. 2, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



