

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 1934
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1934, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to require the Department of Taxation to allow an individual taxpayer to request that the taxpayer's refund be electronically deposited into more than one account at financial institutions.

Your Committee received written comments in support of this measure from the Hawai'i Alliance for Community-Based Economic Development and 3Point. Written comments in opposition was submitted by the Department of Taxation. Written comments were submitted from the Tax Foundation of Hawaii.

Your Committee finds that for many people, particularly lower income taxpayers, a tax refund is the only substantial amount of "discretionary" income they may receive in a year. Your Committee has heard of individuals who use the tax refund to pay down debt, access a mortgage assistance program, and make tuition payments - expenses that would not be "affordable" otherwise.

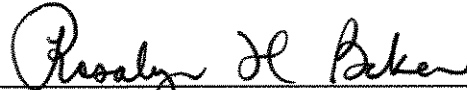
Income splitting is a standard asset management tool for the wealthy, allowing a person to split assets into separate pools for spending and for saving. This measure would provide a similar opportunity for a Hawaii taxpayer, without regard to income level, to split the financial asset that the tax refund represents.



Your Committee notes that both the federal government and California allow an individual's tax refund to be electronically deposited in more than one financial account. It is the intent of this measure to provide Hawaii residents with refund splitting options comparable to that provided by the federal government, which allows the refund to be split into a maximum of three accounts. Electronic deposit into separate financial accounts ensures that the refund is more likely to be reserved for extraordinary expenses.

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 S.B. No. 1934, S.D. 1, and recommends that it pass Third Reading.

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




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

| | | | | |
|---|--|---------------------------------------|-----|---------|
| Bill / Resolution No.:* | Committee Referral: | Date: | | |
| SB 1934 SD1 | EDT, WAM | 2-23-07 | | |
| <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 checked="" type="checkbox"/> Pass, unamended 2312 | <input type="checkbox"/> Pass, with amendments 2311 | <input type="checkbox"/> Hold 2310 | | |
| <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| BAKER, Rosalyn H. (C) | / | | | |
| TSUTSUI, Shan S. (VC) | / | | | |
| CHUN OAKLAND, Suzanne | / | | | |
| ENGLISH, J. Kalani | / | | | |
| FUKUNAGA, Carol | / | | | |
| HOOSER, Gary L. | / | | | |
| KIM, Donna Mercado | / | | | |
| MENOR, Ron | / | | | |
| TOKUDA, Jill N. | / | | | |
| HEMMINGS, Fred | | | | / |
| WHALEN, Paul | / | | | |
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| TOTAL | 10 | 0 | 0 | 1 |
| Recommendation: | | | | |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
|  | | | | |
| Distribution: | | | | |
| Original | Yellow | Pink | | |
| File with Committee Report | Clerk's Office | Drafting Agency | | |

*Only one measure per Record of Votes