

Honolulu, Hawaii

FEB 12 2007

RE: S.B. No. 675

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

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 675 entitled:

"A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE VII, SECTION 3, OF THE HAWAII CONSTITUTION, TO CHANGE THE APPOINTMENT OF THE TAX REVIEW COMMISSION TO EVERY TEN YEARS,"

begs leave to report as follows:

The purpose of this measure is to propose a constitutional amendment to require the Tax Review Commission to meet every ten years instead of five years.

Testimony in support of this measure was received from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO and one individual. The Department of Taxation opposed this measure. The League of Women Voters submitted comments.

Your Committee finds both proponents and opponents of this measure have raised interesting points regarding the merits of appointing a Tax Review Commission every ten years instead of every five years, and believes further discussion is warranted.

Your Committee also finds that many of the comments by the League of Women Voters, which call for wider dissemination of the commission's findings to the public, have considerable merit.

Under Article VII, Section 3, of the State Constitution, the commission is charged with "...an evaluation of the State's tax structure..." and to "recommend revenue and tax policy..." These are issues of considerable importance to Hawaii residents, yet it



is unlikely that many of Hawaii's citizens have reviewed the commission's evaluations and recommendations, or are even aware of the commission's role in state tax policies.

The League of Women Voters suggests annual or biennial reports, public educational sessions, television programs, a speakers' bureau, and other creative means of telling the public about tax law - and what it really means for each of us. While this is not the purview of the Tax Review Commission, or of this measure with its restrictive title, these are recommendations your Committee urges the Director of Taxation to consider as part of the department's role in educating the public about its tax obligations and how these obligations in turn benefit the taxpayer.

In addition, it is the intent of your Committee to continue the legislative discussion on the merits of the proposed constitutional amendment contained in this measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 675 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

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

  
CAROL FUKUNAGA, Chair



