

STAND. COM. REP. NO.

360

Honolulu, Hawaii

FEB 15 2007

RE: S.B. No. 805
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 Economic Development and Taxation, to which was referred S.B. No. 805, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MILITARY RESERVE COMPONENTS,"

begs leave to report as follows:

The purpose of this measure is to benefit Hawaii residents serving in the various branches of the military and National Guard.

Specifically, this measure provides an exemption from vehicle taxes and registration fees for members of the National Guard, Reserves, and other active duty military, including the Coast Guard who are in good standing and claim Hawaii as their home of record.

Testimony in support of this measure was submitted by the Hawaii State Departments of Defense, Taxation, and Transportation. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that it is important to show appreciation to those serving in our military and reserve forces for their commitment to our country. This incentive will also help in influencing our highly trained and experienced soldiers to remain in reserve components and assist in the military's recruitment programs. This measure is reasonable, especially given that many vehicles go unused when they are called to service.



Your Committee has received a revenue impact statement from the Department of Taxation (Department) that indicates a revenue loss of \$407,000 to the State Highway Fund per year, if the measure were limited to National Guard and reserves. There will be no revenue loss to the general fund.

In its methodology, the Department estimated the average weight per passenger vehicle to be 4,560 lbs. By applying the \$0.01 per pound state tax rate and adding the \$20.00 registration fee, the average tax and fee per vehicle is \$65.60. Applying this exemption to all 6,200 members of the National Guard and reserves, the result is a \$407,000 loss.

No statement has been provided detailing the impact of expanding the measure to include other resident active duty personnel, including the Coast Guard.

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. 805, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

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


CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>SB 805 SD1</i>	<i>IGM, EDT, NAM</i>	<i>2/13/07</i>		
<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
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.				✓
SLOM, Sam	✓			
TOTAL	<i>3</i>			<i>2</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Espero</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency		

*Only one measure per Record of Votes