

STAND. COM. REP. NO.

3242

Honolulu, Hawaii

MAR 28 2008

RE: S.R. No. 88
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 Economic Development and Taxation, to which was referred S.R. No. 88 entitled:

"SENATE RESOLUTION REQUESTING THE DEPARTMENT OF TAXATION TO REPORT THE FISCAL IMPACT AND RATE OF USAGE BY TAXPAYERS OF VARIOUS TAX CREDITS AND EXEMPTIONS UNDER CHAPTERS 235, 237, 239, AND 244D, HAWAII REVISED STATUTES,"

begs leave to report as follows:

The purpose of this measure is to request the Department of Taxation to report the fiscal impact and rate of usage by taxpayers of various tax credits and exemptions under chapters 235, 237, 239, and 244D, Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Hawaii Government Employees Association, Hawaii Bankers Association, Hawaiian Telecom, State Farm Insurance Companies, and Marriott International, Inc. Comments on this measure were submitted by the Department of Taxation and Hawaii Association of REALTORS.

Your Committee finds that a report on the fiscal impact and rate of usage by taxpayers of certain tax credits and exemptions will result in findings that will enhance the government's fiscal decisions. An analysis by the Department of Taxation of the tax credits and exemptions in this measure will help to ensure that the Legislature is fully informed of the potential economic and social impacts that may result from changes to the tax credits or exemptions.

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Your Committee is aware of the Department of Taxation's concerns regarding its ability to adequately comply with each of the requests in this measure due to a lack of financial and human resources that are currently in the Department of Taxation, which would be necessary to thoroughly and successfully carry out all of the requirements of this measure. Accordingly, your Committee directs the Department of Taxation to provide a cost estimate of the staffing and related resources required to undertake the study sought by this measure so that the Legislature can prioritize the most pressing issues and areas for review or evaluation.

Your Committee has amended this measure by making technical amendments for the purpose of clarity.

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 concurs with the intent and purpose of S.R. No. 88, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 88, S.D. 1.

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



CAROL FUKUNAGA, Chair



