

LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



KURT KAWAFUCHI  
DIRECTOR OF TAXATION

SANDRA L. YAHIRO  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF TAXATION  
P.O. BOX 259  
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510  
FAX NO: (808) 587-1560

**SENATE COMMITTEE ON WAYS & MEANS**

**TESTIMONY REGARDING SCR 162 SD 1/SR 88 SD 1**

**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.**

**\*\*\*WRITTEN TESTIMONY ONLY\*\*\***

**TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)**

**DATE: APRIL 4, 2008**

**TIME: 10:05AM**

**ROOM: 211**

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The Department understands the importance of studying the fiscal impact and usage rates of various tax credits and exemptions throughout Title 14, Hawaii Revised Statutes.

However, without additional resources specifically provided to assist with this request, the Department is concerned that it may not be able to adequately comply with this request. The Department respectfully requests an appropriation of \$60,000 and the authority to utilize these funds to hire 1.0 full-time equivalent (FTE) economist position.



**SCR 162, SD1**

**DATE:** April 4, 2008  
10:05 AM, Conference Room 211

**TO:** Committee on Ways and Means  
Senator Rosalyn Baker, Chair  
Senator Shan Tsutsui, Vice Chair

**FROM:** Lisa H. Gibson  
President  
Hawaii Science & Technology Council

**RE: Testimony In Support of the Purpose and Intent of SCR 162, SD1**

Aloha Chair, Vice Chair, and Members of the Committee:

The Hawaii Science & Technology Council supports the purpose and intent of SCR 162, SD1

The Hawaii Science & Technology Council is a private tax-exempt 501(c)6 industry association with a 28-member board. The council serves Hawaii companies engaged in ocean sciences, agricultural biotechnology, astronomy, defense aerospace, biotech/life sciences, information & communication technology, energy, environmental technologies, and creative media.

Thank you for the opportunity to testify on this important bill.

Lisa H. Gibson  
President



888 Mililani Street, Suite 601  
Honolulu, Hawaii 96813-2991

Telephone: 808.543.0000  
Facsimile: 808.528.4059

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The Twenty-Fourth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Ways and Means

Testimony by  
Hawaii Government Employees Association  
April 4, 2008

S.C.R. 162, S.D. 1/S.R. 88, S.D. 1 – REQUESTING  
THE DEPARTMENT OF TAXATION TO REPORT  
ON THE FISCAL IMPACT AND RATE OF USAGE  
BY TAXPAYERS OF VARIOUS TAX CREDITS AND  
EXEMPTIONS UNDER CHAPTERS 235, 237, 239  
AND 244D, HRS

The Hawaii Government Employees Association supports the purpose and intent of S.C.R. 162, S.D. 1 and S.R. 88, S.D. 1. The ability of government to make fiscally sound and effective spending decisions will be enhanced by requiring the evaluation of tax credits and exemptions.

Tax expenditures such as tax credits and exemptions are essentially government spending programs administered through the tax code. The primary difference between tax expenditures and regular government spending is that under the tax expenditure approach, the recipient pays less in taxes instead of the government sending out a check. In theory, it does not matter whether state government uses direct spending or a tax expenditure to achieve a policy goal. However, both options must compete with other government spending priorities in making important budget decisions.

Tax credits and exemptions are less visible than other types of public spending, which makes it harder to evaluate their effectiveness. Fiscal accountability necessitates a review of the fairness and efficiency of all tax credits and exemptions. An accurate and accountable state budget should reflect the true costs of tax expenditures and the Legislature should fund only those that are effective and efficient uses of limited tax dollars. Inefficient and ineffective tax expenditures should be eliminated.

Thank you for the opportunity to present testimony in support of S.C.R. 162, S.D. 1 and S.R. 88, S.D. 1.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director