
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. As Hawaii nears the fiftieth anniversary of its
2 statehood, there is no better time to review and evaluate one of
3 state and local government's most import functions--taxation.
4 Taxation not only provides revenue for government programs and
5 operations, it is a reflection of the goals, priorities, and
6 values of our community. Taxes serve as a means to direct
7 social and economic policy, providing incentives and deterrents
8 to impact human and corporate behavior to achieve economic and
9 social goals. Taxes can also provide a fair and equitable way
10 to balance the needs and resources of Hawaii's diverse taxpaying
11 residents and entities.

12 Applied to dozens of revenue sources ranging from
13 individual and corporate income, real property, transit
14 accommodations, fuel, general excise, liquor, tobacco,
15 unemployment, conveyances, and other sources, Hawaii's tax
16 system has evolved over decades. Whenever tax authorizations
17 are established, lawmakers consider social, economic, and
18 community goals and conditions that are relevant at the time.



1 As time passes, however, economic and social conditions change,
2 calling into question the current relevancy, effectiveness, or
3 applicability of the goals and purposes of certain taxes. Some
4 existing tax laws were enacted before statehood and continue to
5 be imposed on residents and entities without review and update.

6 The purpose of this Act is to obtain the information and
7 perspectives necessary to enact legislation that will improve
8 and adjust Hawaii's tax code to meet current and future
9 community goals.

10 SECTION 2. (a) There is established in the department of
11 budget and finance for administrative purposes, the Hawaii tax
12 review initiative. The purpose of the initiative shall be to
13 explore the historical development and evolution of taxation in
14 Hawaii to determine if the State's existing tax policies are
15 relevant and effective in achieving Hawaii's current long-term
16 economic and social goals and objectives.

17 (b) Five members who have experience in local or national
18 tax law and policy, or economics shall be appointed to the
19 Hawaii tax review initiative and shall review the State's tax
20 code and comment and make recommendations on how the State's
21 current tax policy impacts:

22 (1) Economic development and diversification;



- 1 (2) Low, middle, and upper income resident taxpayers;
2 (3) State and county government operations; and
3 (4) Urban, agricultural, rural, and conservation land use.

4 Members shall also analyze the relevancy and effectiveness of
5 the current state tax code, given the present conditions of the
6 state and national economy.

7 (c) Members of the Hawaii tax review initiative shall be
8 appointed without regard to section 26-34 as follows:

- 9 (1) Two by the speaker of the house of representatives;
10 (2) Two by the president of the senate; and
11 (3) One by the governor;

12 provided that three members shall have knowledge and experience
13 in federal tax law and policy and two shall be local tax and
14 economic specialists.

15 (d) Members of the Hawaii tax review initiative shall
16 serve without compensation but shall be reimbursed for necessary
17 expenses, including travel expenses, while in the discharge of
18 their duties and responsibilities.

19 (e) The Hawaii tax review initiative shall submit a
20 written report of its findings and recommendations, including
21 any proposed legislation, to the legislature no later than
22 twenty days prior to the convening of the regular session of



1 2010 and participate in a statewide tax symposium to be
2 presented to the legislature and general public during the
3 regular session of 2010.

4 (f) The Hawaii tax review initiative shall cease to exist
5 on June 30, 2010.

6 SECTION 3. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so much
8 thereof as may be necessary for fiscal year 2009-2010 for the
9 operations of the Hawaii tax review initiative; provided that
10 the funds appropriated in this section are matched, dollar-for-
11 dollar, by private funds.

12 The sum appropriated shall be expended by the department of
13 budget and finance for the purposes of this Act.

14 SECTION 4. This Act shall take effect on July 1, 2009.



Report Title:

Taxation; Hawaii Tax Review Initiative

Description:

Establishes the Hawaii tax review initiative to review and report on whether Hawaii's tax policies are relevant and effective in achieving Hawaii's long-term economic and social goals and objectives. (HB1605 HD1)

