

JAN 21 2010

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# A BILL FOR AN ACT

RELATING TO TAXES AND FEES.

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

1           SECTION 1. The legislature finds that it is in the State's  
2 interest to limit any tax or fee provision codified into law to  
3 a three-year period.

4           For taxes that have no sunset date or a sunset date more  
5 than three years from their effective dates, the department of  
6 taxation, with the assistance of the department of business,  
7 economic development, and tourism shall compile accurate  
8 information on the usage of each tax and whether the tax is  
9 fulfilling the purposes for which it was enacted, as well as  
10 providing solid returns on public investment, if applicable.

11           For fees that have no sunset date or a sunset date more  
12 than three years from their effective dates, the department or  
13 agency that collects the fee shall compile accurate information  
14 on the usage of each fee and whether the fee is fulfilling the  
15 purposes for which the fee was established, as well as providing  
16 solid returns on public investment, if applicable.



1           The purpose of this Act is to require the legislature's  
2 periodic review of all legislatively-mandated tax and fee  
3 provisions in the Hawaii Revised Statutes to ensure their  
4 continued necessity, appropriateness, and effectiveness.

5           SECTION 2. Chapter 231, Hawaii Revised Statutes, is  
6 amended by adding a new section to be appropriately designated  
7 and to read as follows:

8           "§231-3 Expiration of taxes. (a) Any tax imposed by  
9 Title 14, with the exception of any tax imposed under chapter  
10 235, shall be inoperative on July 1, 2013, or three years after  
11 its effective date, whichever is later, unless the legislature  
12 extends the imposition of the tax.

13           (b) To facilitate the legislature's review of taxes, the  
14 department of taxation and the department of business, economic  
15 development, and tourism shall perform an evaluation of any tax  
16 imposed by Title 14, with the exception of any tax imposed under  
17 chapter 235, and submit an evaluation of the fiscal impacts and  
18 economic benefits of the tax to the legislature by no later than  
19 twenty days prior to the convening of each regular session,  
20 beginning in 2012 and continuing annually thereafter.

21           (c) The reports submitted by the department of taxation  
22 and the department of business, economic development, and



1 tourism pursuant to this section shall provide usage and revenue  
2 data, economic analyses, and other information sufficient to  
3 enable the legislature to determine whether the taxes evaluated  
4 have achieved or are achieving their intended objectives,  
5 whether the taxes are consistent with public policies, and  
6 whether the taxes should be continued, modified, or repealed.

7 If the department of taxation recommends that a tax should  
8 be modified, the department shall include in its report, with  
9 the assistance of the applicable departments listed in  
10 subsection (d) (2), proposed draft legislation to implement the  
11 recommended modifications.

12 If the department of taxation recommends that the law  
13 establishing a tax should be continued in its current form, it  
14 shall make appropriate recommendations, with the assistance of  
15 the applicable departments listed in subsection (d) (2), to  
16 improve the operation of the tax, including but not limited to  
17 recommendations for appropriate restrictions to be placed on the  
18 tax.

19 (d) In evaluating the taxes, the department of taxation  
20 shall:

21 (1) Obtain from the department of business, economic  
22 development, and tourism an economic impact analysis;



1       (2) Establish a technical advisory group, which may  
2       include the department of labor and industrial  
3       relations, department of agriculture, department of  
4       commerce and consumer affairs, department of  
5       transportation, department of human services, and  
6       department of business, economic development, and  
7       tourism, to help identify and develop the data  
8       elements needed for the analyses;

9       (3) Collect, process, and analyze data from federal,  
10       state, and local government sources; and

11       (4) Post all usage data on the department of taxation's  
12       website with an explanation of the department's  
13       methodology used to calculate revenue losses and other  
14       fiscal impacts in order to address the lack of  
15       availability of pertinent tax data that is timely,  
16       comprehensive, and accurate.

17       (e) The department of taxation shall adopt, modify, and  
18       repeal rules of general application as may be necessary to carry  
19       into effect this section."

20       SECTION 3. Chapter 91, Hawaii Revised Statutes, is amended  
21       by adding a new section to be appropriately designated and to  
22       read as follows:



1       "§91- Expiration of fees. (a) Any fee adopted by  
2 statute or rule shall be inoperative on July 1, 2013, or three  
3 years after its effective date, whichever is later, unless the  
4 legislature extends the imposition of the fee. The legislature  
5 may request from any relevant department or agency any reports  
6 or drafts of legislation it deems relevant.

7       (b) To facilitate the legislature's review of fees, any  
8 department or agency that collects a statutorily required fee  
9 shall perform an evaluation of the fiscal impacts and economic  
10 benefits of the fee to be submitted to the legislature by no  
11 later than twenty days prior to the convening of the regular  
12 session beginning in 2012 and continuing annually thereafter;

13       (c) The reports submitted by the departments and agencies  
14 under this section shall provide usage and revenue data,  
15 economic analyses, and other information sufficient to enable  
16 the legislature to determine whether the fees evaluated have  
17 achieved or are achieving their intended objectives, whether the  
18 fees are consistent with public policies, and whether the fees  
19 should be continued, modified, or repealed.

20       If a department or agency recommends that a fee should be  
21 modified, the department or agency shall include in its report



1 the proposed draft legislation to implement the recommended  
2 modifications.

3 If a department or agency recommends that the law  
4 establishing a fee should be continued in its current form, it  
5 shall make appropriate recommendations to improve the operation  
6 of the fee, including but not limited to recommendations for  
7 appropriate restrictions to be placed on the fee.

8 (d) In evaluating the fees, the departments and agencies  
9 shall:

- 10 (1) Perform an economic impact analysis;  
11 (2) Establish a technical advisory group to help identify  
12 and develop the data elements needed for the analyses;  
13 (3) Collect, process, and analyze data from federal,  
14 state, and local government sources; and  
15 (4) Post all usage data on the department's or agency's  
16 website with an explanation of the methodology used to  
17 calculate revenue losses and other fiscal impacts in  
18 order to address the lack of availability of pertinent  
19 fee data that is timely, comprehensive, and accurate.

20 (e) State departments and agencies shall adopt, modify,  
21 and repeal rules of general application as may be necessary to  
22 carry into effect this section."



1 SECTION 4. New statutory material is underscored.

2 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: Amid Y Jee

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**Report Title:**

Three-Year Time Limit of Taxes and Fees; Department and Agency Evaluations of Taxes and Fees

**Description:**

Sets a three-year time limit on all legislatively imposed taxes and fees, excepting the income tax. Requires reports from departments and agencies evaluation of the fiscal impacts and economic benefits of statutorily required taxes and fees.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

