

JAN 27 2010

S.B. NO. 2860

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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that a review and  
2 evaluation of one of state and local government's most import  
3 functions--taxation, is long overdue and warranted. Taxation  
4 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 to provide 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           Including dozens of revenue sources from individual and  
13 corporate income, real property, transit accommodations, fuel,  
14 general excise, liquor, tobacco, unemployment, conveyances, and  
15 other sources, Hawaii's tax system has evolved over many  
16 decades. Whenever tax authorizations are established, lawmakers  
17 consider the social, economic, and community goals and  
18 conditions that were relevant at the time of the authorization.



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 or 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 and objectives.

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

17 (b) The Hawaii tax review initiative shall review the  
18 State's tax code and comment and make recommendations on how the  
19 State's current tax policy affects:

- 20 (1) Economic development and diversification;
- 21 (2) Low, middle, and upper income resident taxpayers;
- 22 (3) State and county government operations; and



1           (4) Urban, agricultural, rural, and conservation land use.  
2 Members shall also analyze the relevancy and effectiveness of  
3 the current state tax code, given the present conditions of the  
4 state and national economy.

5           (c) The Hawaii tax review initiative shall submit a  
6 written report of its findings and recommendations, including  
7 any necessary proposed legislation, to the legislature no later  
8 than twenty days prior to the convening of the regular session  
9 of 2011 and shall participate in a statewide tax symposium to be  
10 presented to the legislature and the general public during the  
11 regular session of 2011.

12           (d) The legislative reference bureau shall provide  
13 administrative support to the Hawaii tax review initiative.

14           (e) The Hawaii tax review initiative shall cease to exist  
15 on June 30, 2011.

16           SECTION 3. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$           or so much  
18 thereof as may be necessary for fiscal year 2010-2011 for the  
19 operations of the Hawaii tax review initiative; provided that no  
20 funds appropriated in this section shall be made available  
21 unless matched, dollar-for-dollar, by private funds.



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1       The sum appropriated shall be expended by the legislative  
2 reference bureau for the purposes of this Act.

3       SECTION 4. This Act shall take effect on July 1, 2010.

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INTRODUCED BY: *Shiranne Chun Oakland*



**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.

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

