

HB 1319

HD 1

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
FAX NO: (808) 587-1584

FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY OF THE DEPARTMENT OF TAXATION
REGARDING HB 1319, HD 1
RELATING TO PROGRESSIVE TAX REFORM TASK FORCE**

TESTIFIER: **FREDERICK D. PABLO, DIRECTOR OF TAXATION (OR
DESIGNEE)**

COMMITTEE: **WAM**

DATE: **MARCH 28, 2011**

TIME: **9:00AM**

POSITION: **SUPPORT INTENT; CONCERNS**

This measure establishes a progressive tax reform task force within the Department of Taxation (Department).

The Department supports the bill's intent of ensuring a progressive tax structure for the people of Hawaii. However, the Department believes this task may be better suited for the Tax Review Commission. The Tax Review Commission is authorized by the Hawaii Constitution to "submit to the legislature an evaluation of the State's tax structure [and] recommend revenue and tax policy[.]" The Tax Review Commission consists of seven members appointed by the Governor with the consent of the Senate, and is based in the Department for administrative purposes. The Tax Review Commission is currently formed every five years and was scheduled to begin last year. Unfortunately the current Tax Review Commission lacks a quorum because not enough members have been appointed. The Department suggests utilizing the Tax Review Commission for this task rather than creating a new task force.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Progressive reform task force

BILL NUMBER: HB 1319, HD-1

INTRODUCED By: House Committee on Finance

BRIEF SUMMARY: Establishes a progressive tax reform task force within the department of taxation for administrative purposes. The task force shall: (1) identify the steps needed to reform Hawaii's tax laws in order to create a more balanced and progressive tax structure; and (2) be a permanent resource to assist the director of taxation in creating a consistent, fair, and uniform tax structure in Hawaii. Requires the task force to submit a report of its findings and recommendations to the 2012 legislative session.

The progressive tax reform task force shall consist of the following members: (1) two members to be appointed by the governor; (2) two members of the senate, to be appointed by the president of the senate; (3) two members of the house of representatives, to be appointed by the speaker of the house of representatives; (4) the director of taxation or the director's designee; (5) one member from the Legal Aid Society of Hawaii; and (6) one member from the Tax Foundation of Hawaii.

The task force shall cease to exist on June 30, 2012.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: While this measure proposes to establish a task force to identify the steps needed to reform Hawaii's tax structure to make it more balanced and progressive, this could be an undertaking of the Tax Review Commission that is required to convene every five years and conduct a systematic review of the state's tax structure using such standards as equity and efficiency.

Digested 3/23/11