
A BILL FOR AN ACT

RELATING TO THE TAX REVIEW COMMISSION.

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

1 SECTION 1. Pursuant to article VIII, section 3, of the
2 Hawaii State Constitution and section 232E-2, Hawaii Revised
3 Statutes, a tax review commission was to have been constituted
4 in 2010 and to have begun meeting beginning July 1, 2010. Its
5 report to the legislature is due by December 2011. However, by
6 July 1, 2010, only two members had been appointed and confirmed.
7 Therefore, as of July 1, 2010, the tax review commission could
8 not meet and could not act due to lack of a quorum.

9 Something similar occurred in the 1980s. In 1981, the
10 then-constituted tax review commission had only seventeen months
11 to submit its report and had been given no funding for the
12 necessary studies. In 1983, the legislature took up legislation
13 to provide resources and to extend the time the tax review
14 commission had to accomplish its work.

15 The current tax review commission has three members that
16 have been confirmed by the legislature and four interim members.
17 The tax review commission held its first meeting on July 15,
18 2011, a year later than the tax review commission would have met

1 if a majority of members had been appointed by July 1, 2010.
2 Due to its late start, the commission respectfully requests
3 additional time and resources to carry out its duties.

4 SECTION 2. Section 232E-3, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§232E-3 Duties. The commission shall conduct a
7 systematic review of the State's tax structure, using such
8 standards as equity and efficiency. Thirty days prior to the
9 convening of the second regular session of the legislature after
10 the members of the commission have been appointed, the
11 commission shall submit to the legislature an evaluation of the
12 State's tax structure and recommend revenue and tax policy,
13 except that for the commission appointed on or before July 1,
14 1980, or the replacement commission intended to function prior
15 to the appointment of a new commission on or before July 1,
16 1985, the commission shall submit the required evaluation and
17 recommendations to the legislature thirty days prior to the
18 convening of the regular session of 1985[-]; and except that for
19 the commission appointed on or before July 1, 2010, or the
20 successor commission intended to function prior to the
21 appointment of a new commission on or before July 1, 2015, the
22 commission shall submit the required evaluation and

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1 recommendations to the legislature thirty days prior to the
2 convening of the regular session of 2013."

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$100,000, or so much
5 thereof as may be necessary, for fiscal year 2011-2012 to be
6 used by the tax review commission to conduct an evaluation of
7 the State's tax structure and recommend revenue and tax policy;
8 provided that this appropriation shall not lapse at the end of
9 fiscal year 2011-2012; provided further that all moneys that are
10 unencumbered as of June 30, 2013, shall lapse as of that date.

11 The sum appropriated shall be expended by the department of
12 taxation for the purposes of this Act.

13 SECTION 4. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

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

16 INTRODUCED BY: Colin Kelly, Sr.

17 BY REQUEST

JAN 23 2012

JUSTIFICATION SHEET

DEPARTMENT: Taxation.

TITLE: A BILL FOR AN ACT RELATING TO THE TAX REVIEW COMMISSION.

PURPOSE: To extend the reporting date of the 2010-2012 Tax Review Commission, and request an additional \$100,000 in funding for fiscal year 2011-2012.

MEANS: Amend section 232E-3, Hawaii Revised Statutes (HRS); and appropriate \$100,000 in general funds for fiscal year 2011-2012.

JUSTIFICATION: Pursuant to article VIII, section 3, of the Hawaii State Constitution and section 232E-2, Hawaii Revised Statutes, the Tax Review Commission was to have been constituted in 2010 and to have begun meeting beginning July 1, 2010. Its report to the legislature is due by December 2011. However, by July 1, 2010, only two members had been appointed and confirmed. Therefore, as of July 1, 2010, the Tax Review Commission could not meet and could not act due to lack of a quorum.

The current Tax Review Commission has three members that have been confirmed by the legislature and four interim members. The commission held its first meeting on July 15, 2011, a year later than the commission would have met if a majority of members had been appointed by July 1, 2010. Due to its late start, the Commission respectfully requests additional time and resources to carry out its duties.

Impact on the public: Having additional time and moneys will give the Tax Review Commission the opportunity to more closely

examine the tax issues which impact the public.

Impact on the department and other agencies:
Having additional time and moneys will give the Tax Review Commission the opportunity to more closely examine the tax issues facing the Department of Taxation.

GENERAL FUND: An appropriation of \$100,000 to the Tax Review Commission is requested.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.