

**NEIL ABERCROMBIE**  
GOVERNOR

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**To:** The Honorable Ryan I. Yamane, Chair,  
and Members of the House Committee on Health

**Date:** Tuesday, February 7, 2012  
**Time:** 10:00 A.M.  
**Place:** Conference Room 329, State Capitol

**From:** Frederick D. Pablo, Director  
Department of Taxation

**Re:** H.B. No. 2732, Relating to Tax Credits

The Department of Taxation (Department) appreciates the intent of H. B. No. 2732, and offers the following information and comments for your consideration.

The Department defers to the Department of Health as to the merits of providing the tax credit described in H. B. No. 2732. The Department notes that this measure places no limits on the number of safety helmets a taxpayer may claim, and does not limit the credit to purchases for taxpayer's use. As written, a tax credit may be claimed for helmets purchased for resale.

Thank you for the opportunity to provide comments.

# TAXBILLSERVICE

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**SUBJECT:** INCOME, Credit for purchase of safety helmets

**BILL NUMBER:** HB 2732

**INTRODUCED BY:** Morikawa, Kawakami, Marumoto, Takai, 6 Democrats, 1 Republican

**BRIEF SUMMARY:** Adds a new section to HRS chapter 235 to allow a taxpayer to claim a tax credit of \$\_\_\_\_\_ for the purchase of one or more new safety helmets provided the safety helmets are: (1) approved for use for any person sixty-two years of age or older by the department of health, the Hawaii Medical Association, or the American Medical Association; and (2) shown to be in substantial conformity with specifications for such safety helmets set forth by the United States Consumer Products Safety Commission, the American Society of Testing and Materials, the American National Standards Institute, the Snell Memorial Foundation, or any certified national safety agency.

Credits in excess of a taxpayer's income tax liability may be refunded to the taxpayer provided such amount is over \$1. Claims for the credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year. The director of taxation may adopt rules pursuant to HRS chapter 91 and prepare the necessary forms to claim the credit and may require proof of the claim for the credit.

**EFFECTIVE DATE:** Upon approval

**STAFF COMMENTS:** This measure is proposed to encourage the purchase of safety helmets for persons age 62 or older. It should be remembered that using the tax system to achieve social goals, as this measure proposes, is an inefficient means of accomplishing such goals. The adoption of this measure would merely result in a partial subsidy for the purchase of safety helmets with state funds. Given the financial situation of the state, it is incredulous that lawmakers would propose yet another drain on the state treasury.

Given that the measure does not specify what use the helmets are for, it is not clear why the state is handing out a tax credit for those age 62 and older. While it might be presumed that the helmets are to be used while using a motor cycle or scooter, that is not readily apparent. And why a tax credit only for those who are age 62 and older? Are seniors more likely to be injured than a 26-year old consumer? If it is the intent of this measure to make it safer to travel on a motorcycle or scooter, the use of safety helmets should be made mandatory, like seatbelts in a motor vehicle.

Digested 2/6/12