

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 1091

S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1091 entitled:

"A BILL FOR AN ACT RELATING TO ITEMIZED INCOME TAX DEDUCTIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt charitable contributions from the itemized deduction cap amounts established by Act 97, Session Laws of Hawaii 2011.

Your Committee received testimony in support of this measure from the Office of the Governor; the Department of Taxation; the Department of Budget and Finance; Hawaii Substance Abuse Coalition; Lahaina Arts Association; Diamond Head Theatre; Hawaii Community Foundation; Hawaii Alliance of Nonprofit Organizations; Institute for Human Services; Maui Family YMCA; Bank of Hawaii; Honolulu Museum of Art; Catholic Charities Hawaii; American Cancer Society Cancer Action Network; University of Hawaii Foundation; Aloha United Way; PBS Hawaii; Hawaii Arts Alliance; the Conservation Council for Hawaii; The Nature Conservancy; Goodwill Industries of Hawaii, Inc.; Kilauea Drama and Entertainment Network; and fifteen individuals.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that Act 97, Session Laws of Hawaii 2011, established temporary cap amounts on itemized deductions for



state income tax purposes. Your Committee recognizes that the limitation on itemized deductions has resulted in a disincentive for taxpayers to contribute to charitable organizations. This disincentive has caused a significant reduction in funding for charitable organizations throughout the State. Your Committee further finds that this measure restores the incentive for taxpayers to make contributions to charitable organizations.

Your Committee has amended this measure by:

- (1) Making clarifying amendments to the provision exempting charitable contributions from the cap amounts on itemized deductions;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive amendments for style and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1091, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1091, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <i>SB 1091</i>	Committee Referral: <i>WAM</i>	Date: <i>2-12-13</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert				✓
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.				✓
SLOM, Sam	✓			
TOTAL	<i>11</i>	<i>0</i>	<i>0</i>	<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
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*Only one measure per Record of Votes