

NEIL ABERCROMBIE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

FREDERICK D. PABLO  
DIRECTOR OF TAXATION

JOSHUA WISCH  
DEPUTY DIRECTOR

To: The Honorable David Y. Ige, Chair  
The Honorable Michelle Kidani, Vice-Chair  
and Members of the Senate Committee on Ways and Means

Date: Wednesday, March 20, 2013  
Time: 10:00 a.m.  
Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: H.B. 694, H.D. 1, Relating to Taxation

Department of Taxation (Department) **appreciates the intent** of H.B. 694, H.D. 1, and provides the following comments for your consideration.

Section 1 of H.B. 694, H.D.1, amends section 6 (1) of Act 60, Session Laws of Hawaii (SLH) 2009, to sunset the temporary income tax increase for the higher income tax brackets one year early. The Department notes that section 4 of Act 97, SLH 2011, amended section 6 (2) and (3) of Act 60, SLH 2009, to delay the increase in standard deduction and personal exemption amounts by two years and to make the increases in standard deduction and personal exemption amounts permanent.

The Department defers to the Legislature as to whether amendments are needed to carry out the intent of section 1 of H.B. 694, H.D.1, noting that section 4 of Act 97, SLH 2011, amended section 6 (2) and (3) of Act 60, SLH 2009.

Section 2 of H.B. 694, H.D.1, amends section 235-51, Hawaii Revised Statutes, by changing the income tax brackets and rates to unspecified amounts beginning taxable years after December 31, 2014.

The estimated revenue loss of H.B. 694 is \$48.6 million in FY 2016.

Thank you for the opportunity to provide comments.