

JAN 18 2013

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The purpose of this Act is to require that
2 expenditures by departments, aside from administrative expenses,
3 to be expended on each island correlate with the tax revenue
4 received from that island in line with the philosophy that each
5 island should rely only on its own resources without burdening
6 the other islands.

7 SECTION 2. Section 36-1, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§36-1 Responsibility for moneys.** (a) The director of
10 finance shall be responsible for the safekeeping of all moneys
11 paid into the treasury, and for the proper disbursement and
12 appropriation thereof, pursuant to the laws; and the director
13 shall be liable therefor on the director's official bond,
14 provided that in case of the larceny or embezzlement of any
15 moneys, by any officer of the director's department, or other
16 persons, the director shall be allowed to give that fact, and
17 that the director had no collusive knowledge thereof, in



1 evidence, and the establishment of these facts shall discharge
2 the director from responsibility.

3 (b) Beginning with fiscal year 2015-2016, the director
4 shall ensure that all departments correlate their expenditures,
5 aside from administrative expenses and capital improvement
6 projects, on each island to the percentage, within three
7 percentage points, of the State's total tax revenue that each
8 island generates as provided for in section 231-3.4 (e) (3);
9 provided that this subsection shall not apply to federal grants
10 or federal funding appropriated for specific programs or
11 projects."

12 SECTION 3. Section 231-3.4, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§231-3.4 Publication of reports.** (a) The department of
15 taxation shall publish reports on the following:

- 16 (1) Hawaii income patterns--individuals;
17 (2) Hawaii income patterns--corporations, proprietorships,
18 and partnerships; and
19 (3) Tax credits.

20 (b) The department shall make each of these reports
21 available in both paper form and commonly accessible electronic
22 forms.



1 (c) The department of taxation shall report to the
2 legislature no later than twenty days prior to the convening of
3 each regular session; provided that on or before December 31,
4 2012, the department shall report to the legislature on:

- 5 (1) The resources and information needed to complete the
6 reports required under subsection (a)(3);
- 7 (2) An identification of the best means of providing
8 information in an electronic format in the future; and
- 9 (3) Recommendations for additional information that may be
10 required for inclusion in the reports as the
11 department upgrades its tax computer systems and
12 associated enterprise resource planning
13 implementation.

14 (d) The department may explore and implement all
15 reasonable methods of covering the costs of distribution of the
16 reports, including but not limited to:

- 17 (1) Setting reasonable fees that will cover the costs of
18 producing and distributing the reports in paper and
19 electronic form; and
- 20 (2) Negotiating licensing fees with commercial information
21 providers for rights to carry the reports on-line or
22 in other electronic storage methods.



1 (e) No later than December 31 of each year, the department
2 shall post on its website the following:

3 (1) The total tax revenue received from each island each
4 fiscal year for the previous three fiscal years,
5 broken down by type of tax;

6 (2) A rolling two-year average of taxes received from each
7 island; and

8 (3) The percentage of the State's total tax revenue that
9 each island generates based on the rolling two-year
10 average."

11 SECTION 4. New statutory material is underscored.

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

13

INTRODUCED BY:

Mike Hubbard
By Request



S.B. NO. 622

Report Title:

Tax Revenues; Department Expenditures

Description:

Requires the posting of information relating to the annual tax revenues, by island and tax revenue type, to be posted on the department of taxation's website by December 31 annually. Requires the director of finance to ensure that tax expenditures by departments on each island correlate within three percentage points to the tax revenues generated by each island.

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