

Honolulu, Hawaii

February 12, 2014

RE: H.B. No. 1924  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 1924 entitled:

"A BILL FOR AN ACT RELATING TO THE COUNCIL ON REVENUES,"

begs leave to report as follows:

The purpose of this measure is to assist the Council on Revenues with its analysis of Hawaii's economic conditions and allow the Council to provide the State with a more accurate revenue forecast. Specifically, this bill establishes an Interdepartmental Research Task Force to look into developing, modifying, and updating the economic models used by the Council to prepare economic and tax revenue forecasts. For this purpose, this measure requires review of economic data, data source and collection, and reporting schedule and procedures used for the economic models, and provides funding for the preparation of tax data by the Department of Taxation and for the Department of Business, Economic Development, and Tourism to assist in economic model development.

Additionally, this bill appropriates funds to:

- (1) The Department of Taxation to prepare tax data for use by the Task Force to complete its undertaking; and
- (2) The Department of Business, Economic Development, and Tourism to assist the Task Force with the development of various economic models.



The Department of Business, Economic Development, and Tourism and State Office of Information Management and Technology testified in support of the intent of this measure. The Council on Revenues, Department of Labor and Industrial Relations, Department of Taxation, and Tax Foundation of Hawaii provided comments.

The 1978 Constitutional Convention provided for the establishment of the Council on Revenues to prepare revenue projections for the state government for each fiscal year of the six-year State Program and Financial Plan. Projections prepared by the Council are considered by the Governor in preparing the State budget, recommending appropriations, and controlling expenditures. The Legislature also considers these projections when appropriating funds and enacting revenue measures. Thus, revenue projections by the Council are extremely important to State fiscal planning.

At times, however, the Council experiences difficulty obtaining certain data, which may have an impact on the Council's revenue projections. The availability of more timely statistical information, data, and studies would assist the Council in preparing more accurate revenue projections for the State.

Your Committee has amended this bill by:

- (1) Leaving unspecified, the appropriation amounts to the Department of Taxation and Department of Business, Economic Development, and Tourism; and
- (2) Changing its effective date to January 20, 2050, to facilitate further discussion.

Should the Committee on Finance deliberate on this measure, your Committee respectfully requests that it consider appropriating \$125,000 to the Department of Taxation and \$150,000 to the Department of Business, Economic Development, and Tourism for fiscal year 2014-2015 for the purposes of this measure.

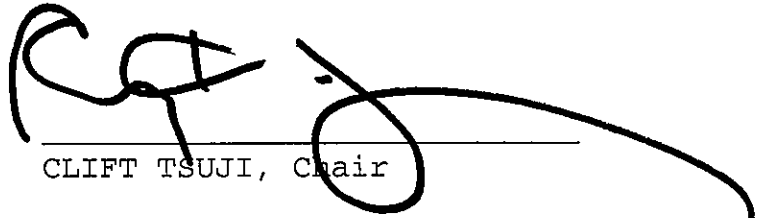
Your Committee also notes that, should the Interdepartmental Research Task Force be established, the Task Force is requested to implement a system in conjunction with the Department of Taxation to compile a report that would compare the projected revenues to the actual revenues received. Should the Task Force not be able to compile such a report, the Task Force is requested to report



back to the Legislature with recommendations as to legislative actions needed to assist the Task Force in completing this report.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1924, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1924, H.D. 1, and be referred to the Committee on Finance.

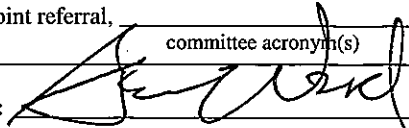
Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



CLIFT TSUJI, Chair



Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB1924	Committee Referral: EDB, FIN	Date: 2/4/14		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	/			
2. WARD, Gene (VC)		✓		
3. AWANA, Karen				/
4. BROWER, Tom	/			
5. CACHOLA, Romy M.	/			
6. ITO, Ken				/
7. CHOY, Isaac W.	/			
8. OHNO, Takashi	W/E			/
9. ONISHI, Richard H.K.	/			
10. TOKIOKA, James Kunane	/			
11. WOOLEY, Jessica	✓			
TOTAL (11)	7	1		3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) _____ did not support recommendation.				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				