

Honolulu, Hawaii
February 28, 2014

RE: H.B. No. 2432
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 Finance, to which was referred H.B. No. 2432 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to address inequity in taxation of retirement income by excluding income received from deferred compensation retirement plans from the state income tax for taxpayers who meet certain income requirements.

The Department of Taxation and the Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that many seniors in Hawaii are struggling to make ends meet. Excluding income received from deferred compensation retirement plans from the state income tax would help to make taxation more equitable for taxpayers who meet certain income requirements.

Your Committee has amended this measure by changing the effective date to July 1, 2030, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2432, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as H.B. No. 2432, H.D. 1, and
be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUBE, Chair



