

STAND. COM. REP. NO.

1049

Honolulu, Hawaii

MAR 25 2013

RE: H.B. No. 430
H.D. 1
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 H.B. No. 430, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt charitable deductions from the temporary limit on the amount of itemized tax deductions claimable by certain taxpayers.

Your Committee received testimony in support of this measure from the Office of the Governor; Department of Taxation; University of Hawaii Foundation; ABC Stores; Aloha United Way; American Heart Association; The Arc of Kona; Catholic Charities Hawaii; Child & Family Service; Goodwill Industries of Hawaii, Inc.; Hawaii Arts Alliance; Hawaii Association of Independent Schools; Hawaii Community Foundation; Hawaiian Humane Society; Hawaii Substance Abuse Coalition; Ku Aloha Ola Mau; Lanakila Pacific; Maui Economic Development Board; Papakolea Community Development Corporation; PBS Hawaii; The Nature Conservancy of Hawaii; and numerous individuals.

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

Act 97, Session Laws of Hawaii 2011, established temporary cap amounts on itemized deductions for state income tax purposes. Your Committee finds that these cap amounts have resulted in a



disincentive for taxpayers to contribute to charitable organizations and caused a significant reduction in funding for charitable organizations throughout the State. Your Committee believes that, by exempting charitable contributions from the cap amounts on itemized deductions, this measure will aid in restoring the incentive for taxpayers to make contributions to charitable organizations.

Your Committee has amended this measure by:

- (1) Clarifying the language used to exempt charitable contributions from the temporary cap amounts; and
- (2) Making technical nonsubstantive amendments for purposes of clarity, 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 H.B. No. 430, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 430, H.D. 1, 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. ICE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 436 HD1	WAM	3-15-13		
<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	13	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes