
A BILL FOR AN ACT

RELATING TO FISCAL RESPONSIBILITY.

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

1 SECTION 1. The legislature finds that the 2013 tax review
2 commission concluded that a comprehensive review of Hawaii's tax
3 structure was necessary to determine how the structure fared
4 during the recent recession and whether it was adequate to meet
5 the needs of the twenty-first century.

6 One recommendation of the tax review commission was to
7 establish a commission similar to the federal government's
8 national commission on fiscal responsibility and reform, also
9 known as the Simpson-Bowles commission, with authority to review
10 and make recommendations on expenditures and revenue
11 enhancement.

12 The tax review commission noted that the tax burden on
13 Hawaii's taxpayers would be severe if the approach was solely to
14 enhance revenue. The expenditure component, therefore, must be
15 part of a solution that promotes long-term financial stability
16 and prosperity for the State and its residents.



1 The purpose of this Act is to establish a commission with
2 authority to review and make recommendations on expenditures,
3 revenue enhancement, and improving tax policy.

4 SECTION 2. (a) There is established the state commission
5 on fiscal responsibility within the department of taxation for
6 administrative purposes.

7 (b) The state commission on fiscal responsibility shall
8 consist of the following members:

9 (1) Two members to be appointed by the governor, at least
10 one of whom is currently serving or has formerly
11 served on the state council on revenues;

12 (2) Two members of the senate, to be appointed by the
13 president of the senate; provided that one member so
14 appointed shall serve as co-chair of the commission;

15 (3) Two members of the house of representatives, to be
16 appointed by the speaker of the house of
17 representatives; provided that one member so appointed
18 shall serve as co-chair of the commission;

19 (4) The director of taxation or the director's designee;

20 (5) The director of finance or the director's designee;



- 1 (6) One representative from the Legal Aid Society of
2 Hawaii; and
- 3 (7) One representative from the Tax Foundation of Hawaii.
- 4 (c) The commission shall:
- 5 (1) Identify policies for the State to improve revenue
6 enhancement in the medium term and to achieve fiscal
7 security over the long term;
- 8 (2) Research and propose recommendations related to state
9 spending; and
- 10 (3) Identify steps needed to improve tax policy to create
11 a more balanced and progressive tax structure.
- 12 (d) Members of the commission shall serve without
13 compensation, but shall be reimbursed for necessary expenses,
14 including travel expenses, incurred in the performance of their
15 official duties.
- 16 (e) The commission shall submit a report of its findings
17 and recommendations to the legislature no later than twenty days
18 prior to the convening of the regular session of 2017. The
19 report shall require the approval of at least two-thirds of the
20 total commission members.



1 (f) The commission shall cease to exist on June 30, 2017.

2 SECTION 3. This Act shall take effect on July 1, 2015.

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INTRODUCED BY:

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JAN 29 2015



H.B. NO. 1355

Report Title:

Commission on Fiscal Responsibility; Taxation

Description:

Establishes a commission within the department of taxation to review and make recommendations on expenditures, revenue enhancement, and tax policy.

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