
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 231, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§231- Evaluation of tax credits and tax exemptions;
5 reporting requirements. (a) Commencing on July 1, 2018, and
6 every five years thereafter, the department shall perform an
7 evaluation of all newly enacted tax credits or tax exemptions in
8 title 14 as follows:

9 (1) For the initial evaluation commencing on July 1, 2018,
10 the department shall evaluate all tax credits or tax
11 exemptions that have been enacted during and since the
12 regular session of 2016; and

13 (2) For all subsequent evaluations, the department shall
14 evaluate all newly enacted tax credits or tax
15 exemptions taking effect during the five year period
16 preceding the evaluation.



- 1 (b) The evaluation shall include:
- 2 (1) The intended objective of each tax credit;
- 3 (2) The economic effects of each tax credit;
- 4 (3) Whether the economic effects achieved by the tax
5 credit, if any, meet the intended objective of the tax
6 credit;
- 7 (4) The amount of credit taken by fiscal year on a cash
8 basis; and
- 9 (5) Whether projections made on enactment of the tax
10 credit were achieved.
- 11 (c) The department shall report to the legislature on the
12 evaluation required by this section, including proposed
13 legislation if appropriate, no later than twenty days prior to
14 the convening of the regular session immediately following
15 completion of each evaluation. The report shall provide
16 information sufficient to allow the legislature to determine
17 whether the tax credits and tax exemptions provided under title
18 14 are achieving their intended objectives, are consistent with
19 public policies, and whether the credits and exemptions should
20 be continued, modified, or repealed."



1 SECTION 2. (a) The department of taxation shall perform
2 an evaluation of the tax credits or tax exemptions provided in
3 title 14 and listed in section 3 of this Act. The evaluation
4 shall include:

- 5 (1) The intended objective of each tax credit;
- 6 (2) The economic effects of each tax credit;
- 7 (3) Whether the economic effects achieved by the tax
8 credit, if any, meet the intended objective of the tax
9 credit;
- 10 (4) The amount of credit taken by fiscal year on a cash
11 basis; and
- 12 (5) Whether projections made on enactment of the tax
13 credit were achieved.

14 (b) The department of taxation shall report to the
15 legislature on the evaluation required by this section no later
16 than twenty days prior to the convening of the regular session
17 of 2018.

18 (c) In evaluating the economic effects of the tax credits
19 and tax exemptions provided in title 14 and listed in section 2
20 of this Act, the department of taxation may:



1 (1) Establish a technical advisory group, which may
2 include the department of labor and industrial
3 relations, department of agriculture, department of
4 commerce and consumer affairs, department of
5 transportation, department of human services, and
6 department of business, economic development, and
7 tourism, to help identify and develop the data
8 elements needed for the analyses; and

9 (2) Collect, process, and analyze data from federal,
10 state, and local government sources.

11 (d) The data and economic analyses provided by the
12 department of taxation in its report to the legislature shall
13 provide information sufficient to allow the legislature to
14 determine whether the tax credits and tax exemptions provided
15 under title 14 are achieving their intended objectives, are
16 consistent with public policies, and whether the credits and
17 exemptions should be continued, modified, or repealed.

18 (e) If the department of taxation recommends that a tax
19 credit or tax exemption should be modified, it shall provide
20 with its report to the legislature, and with the assistance from

1 the departments listed in subsection (c) (1), proposed draft
2 legislation recommending appropriate modifications.

3 SECTION 3. (a) The department of taxation shall recommend
4 to the legislature whether the following sections shall be
5 repealed on December 31, 2019:

6 (1) Section 235-4.5, Hawaii Revised Statutes, (taxation of
7 trusts, beneficiaries; credit);

8 (2) Section 235-9, Hawaii Revised Statutes, (exemptions;
9 generally);

10 (3) Section 235-9.5, Hawaii Revised Statutes, (stock
11 options from qualified high technology businesses
12 excluded from taxation);

13 (4) Section 235-12.5, Hawaii Revised Statutes, (renewable
14 energy technologies; income tax credit);

15 (5) Section 235-17, Hawaii Revised Statutes, (motion
16 picture, digital media, and film production income tax
17 credit);

18 (6) Section 235-18, Hawaii Revised Statutes, (deposit
19 beverage container deposit exemption);

20 (7) Section 235-54, Hawaii Revised Statutes, (exemptions);



- 1 (8) Section 235-55, Hawaii Revised Statutes, (tax credits
2 for resident taxpayers);
- 3 (9) Section 235-110.2, Hawaii Revised Statutes, (credit
4 for school repair and maintenance);
- 5 (10) Section 235-110.3, Hawaii Revised Statutes, (ethanol
6 facility tax credit);
- 7 (11) Section 235-110.51, Hawaii Revised Statutes,
8 (technology infrastructure renovation tax credit);
- 9 (12) Section 235-110.6, Hawaii Revised Statutes, (fuel tax
10 credit for commercial fishers);
- 11 (13) Section 235-110.7, Hawaii Revised Statutes, (capital
12 goods excise tax credit);
- 13 (14) Section 235-110.93, Hawaii Revised Statutes,
14 (important agricultural land qualified agricultural
15 cost tax credit);
- 16 (15) Section 235-129, Hawaii Revised Statutes, (S
17 corporations; tax credits);
- 18 (16) Section 237-16.8, Hawaii Revised Statutes, (general
19 excise tax; exemption of certain convention,
20 conference, and trade show fees);



- 1 (17) Section 237-23, Hawaii Revised Statutes, (general
2 excise tax; exemptions, persons exempt, applications
3 for exemption);
- 4 (18) Section 237-23.5, Hawaii Revised Statutes, (general
5 excise tax; related entities; common paymaster;
6 certain exempt transactions);
- 7 (19) Section 237-24, Hawaii Revised Statutes, (general
8 excise tax; amounts not taxable);
- 9 (20) Section 237-24.3, Hawaii Revised Statutes, (general
10 excise tax; additional amounts not taxable);
- 11 (21) Section 237-24.5, Hawaii Revised Statutes, (general
12 excise tax; additional exemptions);
- 13 (22) Section 237-24.7, Hawaii Revised Statutes, (general
14 excise tax; additional amounts not taxable);
- 15 (23) Section 237-24.75, Hawaii Revised Statutes, (general
16 excise tax; additional exemptions);
- 17 (24) Section 237-24.9, Hawaii Revised Statutes, (general
18 excise tax; aircraft service and maintenance
19 facility);



- 1 (25) Section 237-25, Hawaii Revised Statutes, (general
2 excise tax; exemptions of sales and gross proceeds of
3 sales to federal government, and credit unions);
- 4 (26) Section 237-26, Hawaii Revised Statutes, (general
5 excise tax; exemption of certain scientific contracts
6 with the United States);
- 7 (27) Section 237-27, Hawaii Revised Statutes, (general
8 excise tax; exemption of certain petroleum refiners);
- 9 (28) Section 237-27.5, Hawaii Revised Statutes, (general
10 excise tax; air pollution control facility);
- 11 (29) Section 237-27.6, Hawaii Revised Statutes, (general
12 excise tax; solid waste processing, disposal, and
13 electric generating facility; certain amounts exempt);
- 14 (30) Section 237-28.1, Hawaii Revised Statutes, (general
15 excise tax; exemption of certain shipbuilding and ship
16 repair business);
- 17 (31) Section 237-29, Hawaii Revised Statutes, (general
18 excise tax; exemptions for certified or approved
19 housing projects);



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- 1 (32) Section 237-29.5, Hawaii Revised Statutes, (general
2 excise tax; exemption for sales of tangible personal
3 property shipped out of the State);
- 4 (33) Section 237-29.53, Hawaii Revised Statutes, (general
5 excise tax; exemption for contracting or services
6 exported out of State);
- 7 (34) Section 237-29.55, Hawaii Revised Statutes, (general
8 excise tax; exemption for sale of tangible personal
9 property for resale at wholesale);
- 10 (35) Section 237-29.8, Hawaii Revised Statutes, (general
11 excise tax; call centers; exemption; engaging in
12 business; definitions);
- 13 (36) Section 239-5.5, Hawaii Revised Statutes, (public
14 service company tax; surcharge amounts exempt);
- 15 (37) Section 239-6.5, Hawaii Revised Statutes, (public
16 service company tax; tax credit for lifeline telephone
17 service subsidy);
- 18 (38) Section 239-12, Hawaii Revised Statutes, (public
19 service company tax; call centers; exemption; engaging
20 in business; definitions);



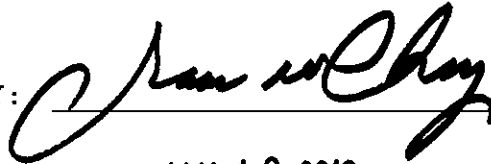
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- 1 (39) Section 241-4.5, Hawaii Revised Statutes, (banks and
- 2 other financial corporations tax; capital goods excise
- 3 tax credit);
- 4 (40) Section 241-4.6, Hawaii Revised Statutes, (banks and
- 5 other financial corporations tax; renewable energy
- 6 technologies; income tax credit);
- 7 (41) Section 241-4.7, Hawaii Revised Statutes, (banks and
- 8 other financial corporations tax; low-income housing;
- 9 income tax credit);
- 10 (42) Section 241-4.8, Hawaii Revised Statutes, (banks and
- 11 other financial corporations tax; high technology
- 12 business investment tax credit); and
- 13 (43) Section 244D-4.3, Hawaii Revised Statutes, (liquor
- 14 tax; exemption for sales of liquor out of the State).

15 SECTION 4. New statutory material is underscored.

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

17

INTRODUCED BY: 

JAN 13 2016



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Report Title:

Tax Credits; Tax Exemptions; Evaluation

Description:

Requires the Department of Taxation to evaluate and recommend the repeal of certain tax credits and tax exemptions and report to the Legislature before the regular session of 2018. Beginning July 1, 2018, and every five years thereafter, requires the Department of Taxation to evaluate new tax credits and exemptions.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

