

JAN 27 2016

A BILL FOR AN ACT

RELATING TO THE TAX REVIEW COMMISSION.

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

1 SECTION 1. Section 232E-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§232E-3 Duties.** The commission shall conduct a
4 systematic review of the State's tax structure, using such
5 standards as equity and efficiency. Thirty days prior to the
6 convening of the second regular session of the legislature after
7 the members of the commission have been appointed, the
8 commission shall submit to the legislature an evaluation of the
9 State's tax structure and recommend revenue and tax policy,
10 except that:

11 (1) For the commission appointed on or before July 1,
12 1980, or the replacement commission intended to
13 function prior to the appointment of a new commission
14 on or before July 1, 1985, the commission shall submit
15 the required evaluation and recommendations to the
16 legislature thirty days prior to the convening of the
17 regular session of 1985; [~~and~~]

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1 (2) For the commission appointed on or before July 1,
2 2010, or the successor commission intended to function
3 prior to the appointment of a new commission on or
4 before July 1, 2015, the commission shall submit the
5 required evaluation and recommendations to the
6 legislature thirty days prior to the convening of the
7 regular session of 2013[-]; and

8 (3) For the commission appointed on or before July 1,
9 2015, or the successor commission intended to function
10 prior to the appointment of a new commission on or
11 before July 1, 2020, the commission shall submit the
12 required evaluation and recommendations to the
13 legislature thirty days prior to the convening of the
14 regular session of 2018."

15 SECTION 2. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$250,000, or so much
17 thereof as may be necessary, for fiscal year 2016-2017 to be
18 used by the tax review commission to conduct an evaluation of
19 the State's tax structure and recommend revenue and tax policy;
20 provided that this appropriation shall not lapse at the end of
21 fiscal year 2016-2017; provided further that all moneys that are
22 unencumbered as of June 30, 2018, shall lapse as of that date.

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1 The sum appropriated shall be expended by the department of
2 taxation for the purposes of this Act.

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: *M. N. M.*

BY REQUEST

S.B. NO. 2922

Report Title:

Tax Review Commission

Description:

Provides a measure for extending the reporting date of the 2015-2017 tax review commission and appropriates \$250,000 for fiscal year 2016-2017 for the commission.

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

JUSTIFICATION SHEET

DEPARTMENT: Taxation.

TITLE: A BILL FOR AN ACT RELATING TO THE TAX REVIEW COMMISSION.

PURPOSE: To extend the reporting date of the 2015-2017 Tax Review Commission and request an additional \$250,000 in funding for fiscal year 2016-2017.

MEANS: Amend section 232E-3, Hawaii Revised Statutes (HRS), and appropriate \$250,000 in general funds for fiscal year 2016-2017.

JUSTIFICATION: Pursuant to article VIII, section 3, of the Hawaii State Constitution and section 232E-2, HRS, the Tax Review Commission was to have been appointed in 2015 and to have begun meeting July 1, 2015. Its report to the Legislature is due by December 2016. However, members were not appointed during the 2015 regular legislative session.

This bill is needed to provide the Tax Review Commission additional time and resources to carry out its duties.

The general fund appropriation included in this measure has been made in accordance with the statutorily defined appropriation ceiling for the Executive Branch pursuant to section 37-92, Hawaii Revised Statutes. Including appropriations made up to and including the regular session of 2015, the Executive Branch appropriation ceiling for fiscal year 2015-16 has already been exceeded by \$57,056,901 or 0.9 percent. Funding requested in this measure to provide the Tax Review Commission necessary resources to carry out its duties will result in the appropriation ceiling for the Executive Branch to now be exceeded in

fiscal year 2015-16 by an additional \$250,000 or 0.04 percent. This current declaration takes into account additional general fund appropriations authorized for fiscal year 2015-16 in this measure only, and does not include other general fund appropriations for fiscal year 2015-16 that may be authorized for the Executive Branch in other legislation submitted to the Legislature during the regular session of 2016.

Impact on the public: Having additional time and funding will give the Tax Review Commission the opportunity to more closely examine the tax issues which impact the public.

Impact on the department and other agencies: The department provides administrative support to the Tax Review Commission. Without the additional time to report and the funding, it is unlikely that the Tax Review Commission will be able to carry out its duties.

GENERAL FUND: An appropriation of \$250,000 to the Tax Review Commission is requested.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.