

STAND. COM. REP. NO.

3336

Honolulu, Hawaii

APR 06 2016

RE: S.R. No. 30

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.R. No. 30 entitled:

"SENATE RESOLUTION REQUESTING THE TAX REVIEW COMMISSION TO EVALUATE INCOME TAX CREDITS, EXCLUSIONS, AND DEDUCTIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to request the Tax Review Commission to conduct or commission a study that evaluates all or certain state income tax credits, exclusions, and deductions.

More specifically, this measure requests the Tax Review Commission to review all state income tax credits, exclusions, and deductions if possible. If this comprehensive review is not possible, the measure requests the Commission to evaluate the credits, exclusions, and deductions that result in the most significant loss of state general fund revenues.

Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that certain income tax credits, exclusions, and deductions serve an important purpose for the state economy. However, income tax credits, exclusions, and deductions reduce state revenues. Despite a reduction in revenues, state programs must still be paid for, which can place an inequitable burden on the taxpayers that do not benefit from such credits, exclusions, or deductions. Your Committee believes



that good tax policy requires the equal treatment of similarly-situated taxpayers for the sake of equity and efficiency.

Your Committee further finds that a Tax Review Commission is anticipated to be convened pursuant to Article VII, section 3, of the State Constitution. Duties of the Tax Review Commission include evaluating the State's tax structure and recommending revenue and tax policy. The 2005-2007 Tax Review Commission's review of certain general excise and use tax exemptions and deductions was greatly beneficial to subsequent Legislatures in crafting tax policy. Your Committee believes that a similar review that evaluates all or certain state income tax credits, exclusions, and deductions will be beneficial to future Legislatures in the same manner.

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 concurs with the intent and purpose of S.R. No. 30 and recommends its adoption.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

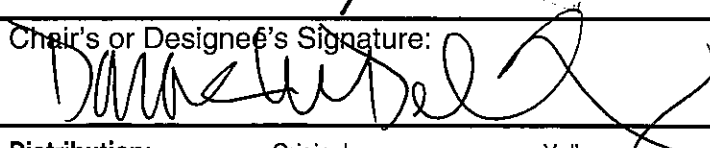


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SR 20	Committee Referral: WAM	Date: 3/23/16		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood				/
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam				/
TOTAL	9			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes