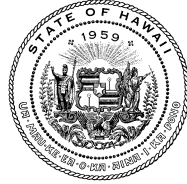


DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

JOSEPH K. KIM
DEPUTY DIRECTOR

To: The Honorable Jill N. Tokuda, Chair
and Members of the Senate Committee on Ways and Means

Date: February 4, 2016

Time: 9:00 A.M.

Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 2922, Relating to the Tax Review Commission

The Department of Taxation (Department) strongly supports S.B. 2922, an Administration measure, and offers the following comments for your consideration.

S.B. 2922 provides a measure for extending the reporting date of the 2015-2017 Tax Review Commission to thirty days prior to the convening of the regular session of 2018 and requests \$250,000 for fiscal year 2016-2017.

Pursuant to article VIII, section 3, of the Hawaii State Constitution, and section 232E-2, Hawaii Revised Statutes, the Tax Review Commission (TRC) was to have been appointed in 2015 and begin meeting on July 1, 2015 with its report to the legislature due by December 2016. However, as of December 31, 2015, none of the TRC members have been appointed.

In addition to the extended reporting date, the Department is requesting an appropriation of \$250,000 for the TRC for fiscal year 2016-2017. The previous TRC used the appropriation from the Legislature for contracting with consultants for studies of tax policies and issues, and administrative expenses. This appropriation will assist the 2015-2017 Commission in carrying out its mandate of evaluating the State's tax structure, and recommending revenue and tax policy.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, ADMINISTRATION, Tax Review Commission

BILL NUMBER: SB 2922; HB 2393 (Identical)

INTRODUCED BY: SB by Kouchi by request; HB SB by Souki by request

EXECUTIVE SUMMARY: Extends the reporting date of the 2015-2017 Tax Review Commission and appropriates \$250,000 for fiscal year 2016-17 for the commission.

BRIEF SUMMARY: Adds HRS section 232E-3(3) to provide that the Tax Review Commission that was supposed to have been appointed in 2015 will submit its report to the Legislature thirty days prior to the convening of the regular session of 2018. Appropriates \$250,000 for the commission.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This is submitted by the department of taxation TAX-02 (16). 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 under current law. Unfortunately, members were not appointed during the 2015 regular legislative session. The additional time is requested for that reason.

Better late than never!

Digested 1/27/2016