

STAND. COM. REP. NO.

612

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 1586  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Tourism, to which was referred H.B. No. 1586 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to address the high cost of living in the State by enacting tax reform that reduces the tax burden for low- and middle-income earners.

Specifically, this measure:

- (1) Over a three-year period, phases out the county allocation of transient accommodations tax revenues and implements new income tax brackets and rates;
- (2) Doubles the amount of the personal exemption available to taxpayers; and
- (3) Imposes hard caps on claims for itemized tax deductions.

The Office of the Mayor of the County of Kauai, County of Hawaii, and City and County of Honolulu, Chairpersons of the Kauai County Council, Honolulu City Council, and Maui County Council, two Councilmembers from the Kauai County Council, a Councilmember from the Honolulu City Council District 3, a Councilmember from the Maui County Council, Hawaii State Association of Counties, Coalition for Equal Taxation, Kauai Police Department, Maui Hotel

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& Lodging Association, and several concerned individuals opposed this measure. The Department of Taxation, Rental By Owner Awareness Association and Tax Foundation of Hawaii offered comments.

Your Committee has amended this measure by:

- (1) Changing the applicable dates to taxable years beginning after December 31, 2017, for individual income tax provisions that propose to double the amount of the personal exemption available to taxpayers and impose hard caps on claims for itemized deductions; and
- (2) Changing its effective date to July 1, 2117, to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1586, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1586, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Tourism,



RICHARD H.K. ONISHI, Chair



