

Honolulu, Hawaii

March 29, 2017

RE: H.C.R. No. 169

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

Sir:

Your Committee on Economic Development & Business, to which was referred H.C.R. No. 169 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO CONVENE AN ECONOMIC DEVELOPMENT AND TAX REFORM WORKING GROUP TO STUDY, AMONG OTHER THINGS, THE ECONOMIC OUTCOME OF TRANSFERRING THE AUTHORITY TO TAX REAL PROPERTY BACK TO THE STATE AND ALLOCATING A PORTION OF GENERAL EXCISE TAX REVENUES TO THE COUNTIES,"

begs leave to report as follows:

The purpose of this measure is to request the Department of Business, Economic Development, and Tourism to convene an Economic Development and Tax Reform Working Group (Working Group) to:

- (1) Study the economic outcome of:
  - (A) Transferring the real property taxing authority back to the State;
  - (B) Allocating a portion of the general excise tax revenues to the counties; and
  - (C) Adjusting the State's personal income tax structure to ease the economic burden on resident taxpayers;



- (2) Determine the current allocation of real property taxes and all state revenues for county and state services, respectively; and
- (3) Study the feasibility and economic impact of establishing tax benefits for state residents for purposes of offsetting real property taxes.

The measure also requests the Working Group to submit its findings and recommendations, including proposed legislation, to the Legislature prior to the convening of the Regular Session of 2018.

The County of Hawaii Department of Finance-Real Property Tax opposed this measure. The Department of Business, Economic Development, and Tourism, Department of Taxation, and College of Social Sciences of the University of Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 169 and recommends that it be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,

  
MARK M. NAKASHIMA, Chair



