

STAND. COM. REP. NO.

752

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 100
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 100, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the requirements for the Auditor's review of various tax exemptions, exclusions, credits, and deductions.

More specifically, this measure:

- (1) Requires the Department of Taxation to provide the Auditor with tax records;
- (2) Clarifies the standards to be used by the Auditor in the reviews;
- (3) Delays the review schedules by one year; and
- (4) Adds the organic foods production tax credit to the tax credits that shall be reviewed by the Auditor.

Your Committee received written comments in support of this measure from the Office of the Auditor. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Island Energy Services.



Your Committee finds that Acts 245 and 261, Session Laws of Hawaii 2016, require the Auditor to review certain tax exemptions, exclusions, credits, and deductions. The Acts also require the Auditor to determine various tax expenditures and to estimate future expenditures. Your Committee also finds that the Auditor cannot conduct the reviews without meaningful tax data, but that the Department of Taxation has not completed the tax system modernization project necessary to provide the data. Accordingly, your Committee believes that it would be prudent to delay the reviews by one year so that the tax system modernization project can be completed, which will make it easier to generate accurate and relevant tax data.

Your Committee also requests that the Department of Taxation and the Auditor cooperate to provide relevant tax data in aggregated form so that the data, to the extent possible, may be republished without violating confidentiality laws and related restrictions on the disclosure of information.

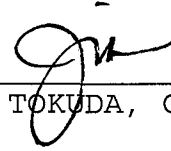
Your Committee has amended this measure by:

- (1) Correcting a reference in the purpose section to reflect that the Department of Taxation shall provide the Auditor with access to the taxation records;
- (2) Requiring that the reviews of the credits, exclusions, and deductions be made on a calendar year basis, rather than a fiscal year basis; and
- (3) Making a technical nonsubstantive amendment for purposes of style, clarity, and consistency.

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 is in accord with the intent and purpose of S.B. No. 100, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 100, S.D. 2.



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

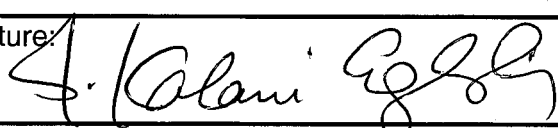


JILL N. TOKUDA, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 100 , SD1	GVO , WAM	23 Feb 2017		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" 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)	/			/
ENGLISH, J. Kalani	/			/
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.				/
KAHELE, Kaiali'i				/
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.				/
TANIGUCHI, Brian T.				/
WAKAI, Glenn	/			
TOTAL	6			5
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