

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA  
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

Testimony of  
SUZANNE D. CASE  
Chairperson

Before the House Committees on  
ENERGY & ENVIRONMENTAL PROTECTION  
and  
WATER & LAND

Thursday, February 16, 2017  
11:00 AM  
State Capitol, Conference Room 325

In consideration of  
HOUSE BILL 29  
RELATING TO TAXATION

House Bill 29 proposes to create a tax credit for private property owners who remove *albizia* from their properties. **The Department of Land and Natural Resources (Department) supports this measure.**

Due to their extreme height and brittle branches, *Albizia* trees pose a threat where branches and other debris may fall during high wind events. The Department recognizes that tax incentives can be an effective tool to incentive landowners to control the growth of *Albizia* trees and decrease the human health and safety risks associated with this species.

Thank you for the opportunity to comment on this measure.

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

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

To: The Honorable Chris Lee, Chair  
and Members of the House Committee on Energy and Environmental Protection

The Honorable Ryan I. Yamane, Chair  
and Members of the House Committee on Water and Land

Date: Thursday, February 16, 2017  
Time: 11:00 A.M.  
Place: Conference Room 325, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 29, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of H.B. 29, which seeks to incentivize the removal of albizia trees but has serious concerns over the measure and provides the following comments for your consideration.

H.B. 29 establishes an income tax credit for taxpayers who remove albizia trees from their real property. The measure is effective upon approval and applies to taxable years beginning after December 31, 2016.

First, the Department notes that the credit is equal to the qualified expenses, not to exceed the amount of expenditures deemed reasonably necessary by a certified arborist. One hundred percent credits invite improper and inflated claim and do not promote efficiency. To illustrate, if the credit amount was 75% instead of 100%, taxpayers would seek to keep the cost as low as possible because they are only getting back 75 cents per dollar expended as a tax credit. With a one hundred percent credit, there is no incentive to keep the cost low unless the taxpayer is over the cap. Accordingly, the Department suggests picking a credit percentage lower than a one hundred percent as currently written.

Second, it is not clear whether a certified arborist could determine which costs are "reasonably necessary" for the removal of albizia trees. Generally speaking, a certified arborist is an individual trained in the art and science of planting, caring for, and maintaining individual trees. The "reasonably necessary" costs to remove albizia trees would have to be determined on a case-by-case basis and at least part of the analysis will need to be performed by an engineer or the like. In addition, there is a great deal of uncertainty in the credit by depending on a certified arborist. Certified arborists could vary in opinion on what costs are reasonably necessary and

there is no way to guarantee that a certified arborist would be willing to make this type of determination. There are also no provisions in this measure that provide guidance for the certified arborist, or any penalty provisions when the certified arborist makes a fraudulent or negligent determination. For these reasons the Department suggests either lowering the credit percentage and deleting the cap or specifying the cap amount in this measure.

Third, if the Committee wishes to move the measure forward with the provision that requires a “certified arborist” to determine the cap, the Department suggests defining the term. Defining this term will help to avoid disputes with taxpayers. Such a definition should be based on a known industry standard, such as the requirements set forth by the International Society of Arboriculture (ISA). It should be noted that there are five other ISA certifications in addition to an ISA Certified Arborist. The definition should also clarify whether the other certifications are sufficient for this credit.

Fourth, the credit applies to removal of albizia trees of all sizes, whether one inch or a hundred feet tall, irrespective of whether it poses a danger to health, safety, or property, and may be claimed for taxpayers of all income levels, regardless of need. The Committee may want to consider a provision specifying the conditions under which the credit is available.

Finally, the Department requests that it be made effective for taxable years beginning after December 31, 2017. This will allow sufficient time for the necessary form, instruction and computer system changes.

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, Credit for Albizia Tree Removal

BILL NUMBER: HB 29

INTRODUCED BY: CHOY

EXECUTIVE SUMMARY: Enacts a new income tax credit to encourage albizzia tree removal. A direct appropriation would be preferable as it would provide some accountability for the taxpayer funds being utilized to support this effort. Meaning, we as taxpayers know what we're getting and we know how much we're paying for it.

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to allow a credit for 100% of the qualified expenses incurred by a taxpayer. Defines "qualified expenses" as costs that are necessary and directly incurred by the taxpayer for the removal of albizia trees from real property owned by the taxpayer.

The credit is nonrefundable, but if the credit exceeds the taxpayer's income tax liability, the excess of credit over liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

All claims for the credit, including amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply shall constitute a waiver of the right to claim the credit.

EFFECTIVE DATE: Upon approval, applies to taxable years beginning after December 31, 2016.

STAFF COMMENTS: The idea of providing a 100% tax credit to encourage any activities may have been acceptable a few years ago when the economy was on a roll. But what lawmakers and administrators have learned in these past few years is that unbridled tax incentives, where there is no accountability or limits on how much in credits can be claimed, are irresponsible as the cost of these credits goes far beyond what was ever intended.

Instead, lawmakers should consider an appropriation of a specific number of taxpayer dollars. At least lawmakers would have a better idea of what is being funded and hold the developers of these alternate technologies to a deliberate timetable on pain of losing the funds altogether. A direct appropriation would be preferable to the tax credit as it would: (1) provide some accountability for the taxpayers' funds being utilized to support this effort; and (2) not be a blank check.

Digested 2/13/2017

**Testimony before the House Committee on Energy & Environmental Protection and  
House Committee on Water & Land**

**by  
The Hawaiian Electric Companies**

**Thursday, February 16, 2017  
11:00 a.m., Conference Room 325**

**House Bill 29 – Relating to Taxation**

Chairs Lee and Yamane, and Members of the Committees:

The Hawaiian Electric Companies are submitting this written testimony in strong support of HB 29.

HB 29 establishes an income tax credit for taxpayers who remove albizia trees from their real property. The Hawaiian Electric Companies support the bill for the following reasons:

- Albizia trees are a hazard to public safety and critical infrastructure.
- Stands of brittle, invasive Albizia trees up to 250 feet tall grow on many public and private properties. Tropical Storm Iselle brought down many Albizia trees, blocked roadways, and caused millions of dollars in damage to homes and important electric utility lines. Broken tree trunks continue to send out new growth creating even more unstable conditions, while seedlings are rapidly germinating in disturbed areas.
- There are many landowners that fail to control or eradicate invasive species on their property.
- Providing a tax incentive will result in more landowners taking action to control or eradicate invasive species on their property.
- Control or eradication of invasive species is essential to mitigating issues and ensuring that Hawai'i's public safety and critical infrastructure needs are met.

Thank you for the opportunity to testify on this matter.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 13, 2017 5:25 PM  
**To:** EEPtestimony  
**Cc:** skaye@hawaii.edu  
**Subject:** \*Submitted testimony for HB29 on Feb 16, 2017 11:00AM\*

**HB29**

Submitted on: 2/13/2017

Testimony for EEP/WAL on Feb 16, 2017 11:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Springer Kaye	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 13, 2017 3:26 PM  
**To:** EEPtestimony  
**Cc:** launahele@yahoo.com  
**Subject:** \*Submitted testimony for HB29 on Feb 16, 2017 11:00AM\*

**HB29**

Submitted on: 2/13/2017

Testimony for EEP/WAL on Feb 16, 2017 11:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Benton	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**LATE**

My name is Christine Johnson. I am a constituent of Ala Moana. I am writing in support of tax incentives for real property owners to remove Albizia. Living in Hawaii we all know the hazards this tree poses for our ecosystems and human safety. They exacerbate the damage caused by hurricane and storms, as well as hurt the thrive-ability of native species. It is estimated that 5% of Hawaii is covered in Albizia. This is a prolific invasive species that needs to be dealt with. The State does not have enough funds to manage this project head on. UH Manoa has spent in the range of a million dollars for removal of a few dozen trees at the arboretum. The costs are enormous for the average homeowner, yet the effects of allowing these trees to continue to take over are far greater. There are many out there on Oahu, Kauai and Big Island who are willing to utilize these natural resources and turn them into energy (Kauai), housing (Oahu) and surf boards (BI). Provided incentives homeowners would be allowed an affordable option to remove the trees and contribute to this closed loop system that is being created on the islands, by contributing their albizia to local entrepreneurs. This incentive potentially addresses the local economy and our ecosystems. Please consider further supporting this incentive.



**LATE**

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 15, 2017 9:40 PM  
**To:** EEPtestimony  
**Cc:** jvalenti@hawaii.edu  
**Subject:** Submitted testimony for HB29 on Feb 16, 2017 11:00AM

**HB29**

Submitted on: 2/15/2017

Testimony for EEP/WAL on Feb 16, 2017 11:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joseph Valenti	Individual	Support	No

Comments: Off island for an emergency or I would be there to testify

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**LATE**

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 15, 2017 8:48 PM  
**To:** EEPtestimony  
**Cc:** palolo.tom@gmail.com  
**Subject:** Submitted testimony for HB29 on Feb 16, 2017 11:00AM

**HB29**

Submitted on: 2/15/2017

Testimony for EEP/WAL on Feb 16, 2017 11:00AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tom Eisen	Individual	Support	No

Comments: Instituting a tax credit to support the removal of the well-known dangerous and invasive albizia tree is a creative means of encouraging a public-private partnership to tackle this persistent problem. I have multiple large albizia trees looming over my Palolo Valley home, and the cost of carefully removing them has been an intractable obstacle. With the support of this novel tax credit, the trees could be removed, thereby creating a win-win scenario for both the State and the individual taxpayer. Please pass HB 29!

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)