

STAND. COM. REP. NO. **627**

Honolulu, Hawaii

February 17, 2017

RE: H.B. No. 721

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 Transportation, to which was referred H.B. No. 721 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC TRANSPORTATION INCENTIVES,"

begs leave to report as follows:

The purpose of this measure is to increase public transportation use by establishing an income tax credit for taxpayers who purchase bus passes or passes for a public transportation program.

The Department of Taxation, Tax Foundation of Hawaii, and three concerned individuals provided comments on this measure.

Your Committee has amended this measure by:

- (1) Removing the provision requiring the amount spent on public transportation passes to be multiplied by the number of qualified exemptions to which the taxpayer claiming the credit is entitled, in the calculation of the tax credit;
- (2) Clarifying that the tax credit is nonrefundable;
- (3) Removing the limitation that would have applied the tax credit only to residents; and

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- (4) Applying this measure to taxable years beginning after December 31, 2017.

Should the Committee on Finance deliberate this measure further, your Committee respectfully requests that it consider the concerns raised by the Tax Foundation of Hawaii, stating that the proposed tax credit may be cumbersome and unwieldy to claim by taxpayers and burdensome to administer and verify by the Department of Taxation, and that a direct subsidy to transportation providers should be considered.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 721, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 721, H.D. 1, and be referred to your Committee on Finance.

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


HENRY J.C. AQUINO, Chair



