

STAND. COM. REP. NO.

2657

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 508
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 508 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide tax relief to low-income and working-class families in the State.

More specifically, the measure establishes an income tax credit based on the federal earned income tax credit.

For purposes of a public hearing, your Committee circulated a proposed S.D. 1 (Proposed Draft) of the measure and notified the public that your Committee would be accepting testimony on the Proposed Draft that amends the measure by deleting the existing provisions and replaces its contents with provisions to increase the amount of taxes that must be withheld from the disposition of Hawaii real property by nonresidents from five percent of the amount realized to nine percent of the amount realized.

Your Committee received testimony in opposition to this measure from the Coalition for Equal Taxation.

Your Committee received comments on this measure from the Department of Taxation, Rental by Owner Awareness Association, and Tax Foundation of Hawaii.

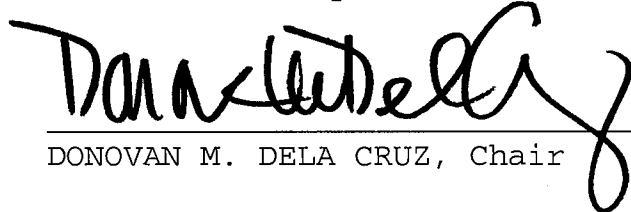


Your Committee notes that an income tax credit based on the federal earned income tax credit was enacted by Act 107, Session Laws of Hawaii 2017, and codified as section 235-55.75, Hawaii Revised Statutes, thus making the measure, in its current form, unnecessary. Your Committee further notes that the Department of Taxation has projected that increasing the amount of taxes that must be withheld from the disposition of Hawaii real property by nonresidents in the manner set out in the Proposed Draft will generate for the State \$15,600,000 for fiscal year 2019 and \$4,600,000 for fiscal year 2020 and each fiscal year thereafter.

Your Committee has amended this measure by adopting the Proposed Draft.

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. 508, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 508, S.D. 1, and be placed on the calendar for Third Reading.

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


DONOVAN M. DELA CRUZ, Chair



