
A BILL FOR AN ACT

RELATING TO FISCAL RESPONSIBILITY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the 2013 tax review
2 commission concluded that a comprehensive review of Hawaii's tax
3 structure was necessary to determine how the structure fared
4 during the 2007 recession and whether it was adequate to meet
5 the needs of the twenty-first century.

6 One recommendation of the tax review commission was to
7 establish a commission similar to the federal government's
8 national commission on fiscal responsibility and reform, also
9 known as the Simpson-Bowles commission, with authority to review
10 and make recommendations on state expenditures and revenue
11 enhancement.

12 The tax review commission noted that the tax burden on
13 Hawaii's taxpayers would be severe if the approach was solely to
14 enhance revenue. Therefore, the expenditure component must be
15 part of a solution that promotes long-term financial stability
16 and prosperity for the State and its residents.



1 The purpose of this Act is to establish a bipartisan
2 commission with authority to review and make recommendations on
3 state expenditures, revenue enhancement, and tax policy.

4 SECTION 2. (a) There is established the state commission
5 on fiscal responsibility within the department of taxation for
6 administrative purposes.

7 (b) The state commission on fiscal responsibility shall
8 consist of the following members:

9 (1) Five members to be appointed by the governor; provided
10 that:

11 (A) No more than three appointees shall be from the
12 same political party; and

13 (B) At least one appointee shall be currently serving
14 or shall have formerly served on the state
15 council on revenues;

16 (2) Three members to be appointed by the president of the
17 senate;

18 (3) Three members to be appointed by the minority leader
19 of the senate;

20 (4) Three members to be appointed by the speaker of the
21 house of representatives;



- 1 (5) Three members to be appointed by the minority leader
- 2 of the house of representatives;
- 3 (6) The director of taxation or the director's designee;
- 4 (7) The director of finance or the director's designee;
- 5 (8) One representative to be invited by the governor from
- 6 the Legal Aid Society of Hawaii; and
- 7 (9) One representative to be invited by the governor from
- 8 the Tax Foundation of Hawaii.
- 9 (c) From among the governor's appointees, the governor
- 10 shall designate two members to serve as co-chairs of the
- 11 commission; provided that the two members shall not be of the
- 12 same political party.
- 13 (d) The commission shall:
- 14 (1) Identify policies for the State to improve revenue
- 15 enhancement in the medium term and to achieve fiscal
- 16 security over the long term;
- 17 (2) Research and propose recommendations related to state
- 18 spending; and
- 19 (3) Identify steps needed to improve tax policy to create
- 20 a more balanced and progressive tax structure.



1 (e) Members of the commission shall serve without
2 compensation, but shall be reimbursed for necessary expenses,
3 including travel expenses, incurred in the performance of their
4 official duties.

5 (f) The commission may hire staff to assist in the
6 performance of its duties and responsibilities. The employees
7 shall be hired without regard to the requirements of chapter 76,
8 Hawaii Revised Statutes; provided that the staff shall be
9 eligible for participation in state employee benefit plans.

10 (g) The commission shall submit a report to the
11 legislature of its findings and recommendations no later than
12 twenty days prior to the convening of the regular session of
13 2021. The report shall require the approval of a majority of
14 the total membership of the commission.

15 (h) The commission shall cease to exist on June 30, 2021.

16 SECTION 3. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so much
18 thereof as may be necessary for fiscal year 2019-2020 and the
19 same sum or so much thereof as may be necessary for fiscal year
20 2020-2021 for the establishment and administration of the state
21 commission on fiscal responsibility.



1 The sums appropriated shall be expended by the department
2 of taxation for the purposes of this Act.

3 SECTION 4. This Act shall take effect on July 1, 2019.

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H.B. NO. 1077

Report Title:

DOTAX; Commission on Fiscal Responsibility; Taxation;
Appropriation

Description:

Establishes a bipartisan commission within the Department of Taxation to review and make recommendations on state expenditures, revenue enhancements, and tax policy. Appropriates moneys.

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