

Honolulu, Hawaii

FEB 09 , 2022

RE: H.B. No. 2178  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred  
H.B. No. 2178 entitled:

"A BILL FOR AN ACT RELATING TO TAX EXPENDITURE  
ACCOUNTABILITY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require laws that enact, modify, or extend the availability of a tax expenditure to contain specific information, revenue estimates, and analyses before becoming law; and
- (2) Authorize the disclosure of certain tax expenditure information.

Your Committee received testimony in support of this measure from the Department of Taxation and Civil Beat Law Center for the Public Interest. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that tax expenditures are often enacted based on anticipated benefits, such as an increase in gross domestic product, job creation, and enhanced tax revenue. Your



Committee further finds that the State Auditor is required under law to review tax expenditures on a periodic basis. However, this has proven to be difficult as the purpose of enacting tax expenditures and the anticipated benefits to the State are not always clear. This measure will resolve this issue by requiring all laws that enact, modify, or extend tax expenditures to lay out the purpose and anticipated benefits.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2178, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2178, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development,

  
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SEAN QUINLAN, Chair



