

Honolulu, Hawaii

FEB 18 , 2022

RE: H.B. No. 2178
H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2178, H.D. 1, 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 Business, Economic Development, and Tourism; Department of Taxation; and Civil Beat Law Center for the Public Interest. Your Committee received comments on this measure from the Hawaii State Energy Office and Tax Foundation of Hawaii.

Your Committee finds that confidence in government is enhanced through decision-making processes that are fair and transparent. This is particularly true in the area of taxation,



which can be complex and difficult to navigate for many taxpayers. Yet, taxation is an area that the government has consistently leveraged and utilized to advance certain social and economic policies, usually through the awarding of preferential tax benefits. While the intent of most tax benefits is obvious, some may not be. This measure will ensure that future enactments, modifications, or extensions of tax benefits will state the purposes and anticipated revenue impacts. This measure will also require the disclosure of the identities of persons that avail themselves of such benefits.

Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (2) 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 Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2178, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2178, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



AARON LING JOHANSON, Chair



