

Honolulu, Hawaii

FEB 10 2021

RE: S.B. No. 514
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 514 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to dispose of excess general fund revenues, as required by article VII, section 6, of the Hawaii State Constitution.

Specifically, this measure:

- (1) Provides for an income tax credit to every resident individual taxpayer of the State;
- (2) Deposits an unspecified sum into the emergency and budget reserve fund; and
- (3) Deposits an unspecified sum into the other post-employment benefits trust fund.

Your Committee received comments on this measure from the Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that when the balance of the general fund at the close of each of two successive fiscal years has



exceeded five percent of the general fund revenues for both fiscal years, article VII, section 6, of the Hawaii State Constitution requires the Legislature to:


- (1) Provide for a tax refund or tax credit to the taxpayers of the State;
- (2) Make a deposit into one or more funds, which shall serve as temporary supplemental sources of funding for the State in times of an emergency, economic downturn, or unforeseen reduction in revenue; or
- (3) Appropriate general funds for the pre-payment of:
 - (A) Debt service of general obligation bonds issued by the State; or
 - (B) Pension or other post-employment benefit liabilities accrued for state employees.

Your Committee further finds that the required conditions have been met, and that this measure allows the Legislature to decide which of the three constitutionally mandated options is preferable.

Your Committee has amended this measure by clarifying that the income tax credit applies to taxable years beginning after December 31, 2020.

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. 514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 514, 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



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB 514	WAM	2/3/21

The Committee is reconsidering its previous decision on this measure.
If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended Pass, with amendments Hold Recommit

2312 2311 2310 2313

Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	11			

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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***Only one measure per Record of Votes**