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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. (a) The department of taxation, in  
2 consultation with the department of business, economic  
3 development, and tourism, shall study the feasibility of  
4 replacing the income and general excise taxes with a new retail  
5 sales tax or other tax.

6           (b) As part of its study, the department of taxation shall  
7 conduct an economic impact analysis of the effects of  
8 restructuring the state tax system, including:

9           (1) Cost estimates of the proposed conversion to a retail  
10 sales tax, including anticipated administrative costs;

11           (2) The anticipated economic impact on taxpayers in Hawaii  
12 arising from the conversion;

13           (3) The expected percentage of the sales tax that will be  
14 "exported" to visitors to Hawaii who purchase Hawaii  
15 goods and services;

16           (4) The anticipated impact on the collection of state tax  
17 revenues in Hawaii;



1 (5) The expected rate at which the new sales tax must be  
2 established in order to generate sufficient revenues  
3 to replace the general excise and income taxes; and

4 (6) Any other information that the department of taxation  
5 and department of business, economic development, and  
6 tourism consider to be appropriate to policy makers.

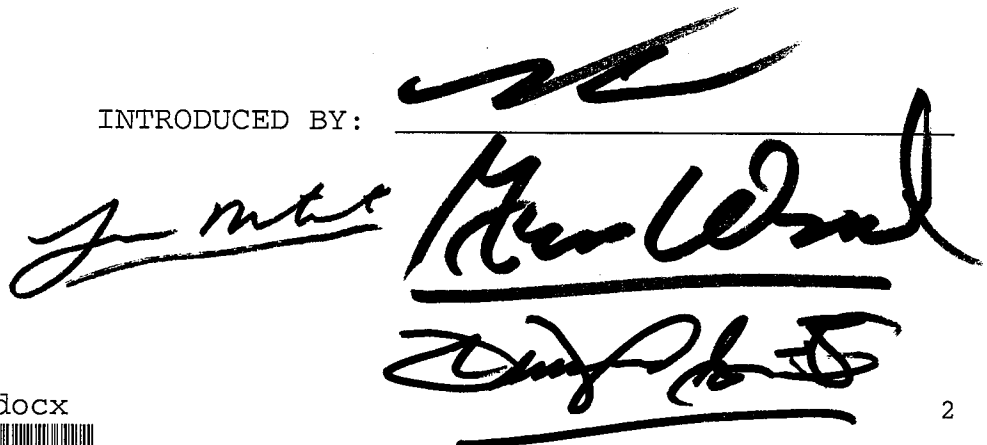
7 (c) The department of taxation and department of business,  
8 economic development, and tourism shall consult with the Tax  
9 Foundation of Hawaii, the Chamber of Commerce of Hawaii, and  
10 other private entities as may be necessary in the course of the  
11 study.

12 (d) The department of taxation shall submit a report of  
13 its findings and recommendations, including any proposed  
14 implementing legislation, to the legislature no later than  
15 twenty days prior to the convening of the regular session of  
16 2025.

17 SECTION 2. This Act shall take effect upon its approval.

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INTRODUCED BY:

Three handwritten signatures are present. The first signature is on the left, the second is in the middle, and the third is on the right. Each signature is written in black ink and appears to be a name.



# H.B. NO. 1738

**Report Title:**

Taxation; DOTAX; DBEDT; Sales Tax; Income Tax; General Excise Tax; Study; Proposed Legislation

**Description:**

Directs the Department of Taxation, in consultation with the Department of Business, Economic Development, and Tourism, to study the feasibility of replacing the income and general excise taxes with a new retail sales tax or other tax. Requires the Department of Taxation to submit a report of its findings and recommendations, including proposed implementing legislation, to the Legislature prior to the 2025 Regular Session.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

