

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

830 PUNCHBOWL STREET, ROOM 221

HONOLULU, HAWAII 96813

<http://tax.hawaii.gov/>

Phone: (808) 587-1540 / Fax: (808) 587-1560

Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Wednesday, February 6, 2019
Time: 2:00 P.M.
Place: Conference Room 308, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 844, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of H.B. 844 and offers the following comments for the Committee's consideration.

H.B. 844 creates a task force within the Department to study the need to rebalance and repurpose the tax programs under the general excise, income, and transient accommodations taxes. The bill states that the focus should be on improving the administration of these taxes. The task force will be composed of a representative from the executive branch, a representative from each county, a representative from the Hawaii State House of Representatives, and a representative from the Hawaii State Senate.

H.B. 844 provides that the Department of Taxation shall provide administrative and clerical support to the task force. The bill requires the task force to submit a report of its findings to the Legislature prior to the 2020 regular session.

The Department is able to provide administrative and clerical support to the proposed task force. However, the Department notes that the work of the task force may be somewhat duplicative of the work of the Tax Review Commission (TRC). The most recent TRC reported to the Legislature on February 8, 2018 and made numerous recommendations. The next TRC will begin deliberations in 2020 and report to the Legislature prior to the 2022 Regular Session.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Rebalancing and Repurposing Task Force

BILL NUMBER: HB 844

INTRODUCED BY: NAKASHIMA, BELATTI, BROWER, CULLEN, ELI, KITAGAWA, C. LEE, LUKE, MCKELVEY, NISHIMOTO, QUINLAN, SAIKI, YAMASHITA

EXECUTIVE SUMMARY:

SYNOPSIS: Establishes a task force to study the need to rebalance and repurpose the tax programs under the State's general excise tax law, income tax law, and transient accommodations tax law. Specifically, the task force shall consider opportunities to make the administration of these programs more effective and efficient so that the programs are reallocated and realigned to:

- (1) Respond to the needs and desires of the residents in the State;
- (2) Minimize the duplication and redundancy of state resources;
- (3) Ensure that tax revenues are used for the programs that generated them; and
- (4) Lower the state tax burden on businesses and residents while ensuring that quality government services are provided to residents of the State and visitors.

Provides that the task force will have (1) a person representing the governor, who will serve as chair; (2) a person representing each county mayor; (3) a person representing the House; and (4) a person representing the Senate.

Places the task force within the department of taxation for administrative purposes.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: The task force as constituted here seems to be directed to make policy decisions about the effectiveness of government programs and services. This, of course, is the Legislature's general responsibility. With no obvious shortcomings with the Legislature we now have, it is questionable whether any need has been shown for the adoption of this measure.

Digested 2/4/2019

HB-844

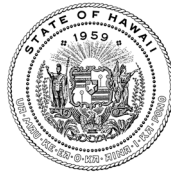
Submitted on: 2/5/2019 1:37:36 PM

Testimony for FIN on 2/6/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

DAVID Y. IGE
GOVERNOR



LATE

RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 844**

**February 6, 2019
2:00 p.m.
Room 308**

RELATING TO TAXATION

House Bill No. 844 establishes a task force in the Department of Taxation to discuss the need to rebalance and repurpose the tax programs created by the general excise tax, income tax, and transient accommodations tax laws. The task force shall consist of the following: the Governor or Governor's designee; the Mayor of each county or the respective Mayor's designee; the Speaker of the House of Representatives or the Speaker's designee; and the President of the Senate or the President's designee. The task force shall submit a report of its findings and recommendations to the Legislature no later than 20 days prior to the convening of the Regular Session of 2020.

The Department of Budget and Finance is open to exploring various avenues to maximize the efficiency of the State's taxation programs; however, we note that the composition of the task force charged with State taxing authority and programs is primarily comprised of county members. The task force role, as stated in the bill, does not encompass a review of the roles of the State and the counties. Consequently, the task force composition should be reflective of that charge.

Thank you for your consideration of our comments.