

STAND. COM. REP. NO. **614**

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 570
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 570, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to eliminate, either immediately or in phases, the state income tax deduction for general excise taxes paid by a taxpayer in taxable years beginning after December 31, 2010, depending upon the taxpayer's federal adjusted gross income and filing status.

Your Committee received testimony in support of this measure from Frederick D. Pablo, Director, Department of Taxation; and Kalbert K. Young, Director, Department of Budget and Finance. Your Committee received testimony in opposition to this measure from Gregory Swartz. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee notes the Department of Taxation's testimony that this measure will result in an estimated revenue gain of \$63,700,000 for fiscal year 2012, \$79,000,000 for fiscal year 2013, and \$94,400,000 for fiscal year 2014 and thereafter.

Your Committee finds that the intent of Senate Bill No. 1319 is to amend Hawaii tax law to institute improvements and achieve equity amongst taxpayers. Your Committee believes that provisions to index income tax amounts for inflation are consistent with this intent.

SB570 SD2 SSCR LRB 11-2521.doc

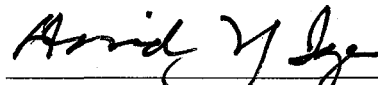


Accordingly, your Committee has amended this measure by:

- (1) Adding the provisions of Senate Bill No. 1319 relating to the indexing of income tax amounts for inflation;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

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. 570, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 570, S.D. 2, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

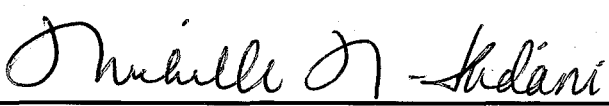


DAVID Y. IGE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 570, SDI	WAM	3-3-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.				/
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			
KIM, Donna Mercado	/			/
KAHELE, Gilbert	/			
KOUCHI, Ronald D.	/			
RYAN, Pohai	/			
TOKUDA, Jill N.	/			
WAKAI, Glenn	/			
SLOM, Sam				/
TOTAL	11	0	0	3
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes