
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that, each year
2 approximately \$1,000,000,000 is given away in tax dollars in the
3 form of tax exemptions, deductions, and credits to certain
4 segments of the community. While many, if not all are for good
5 reasons and programs, these tax "giveaways" are perpetual and
6 require little or no legislative oversight. This is an unfair
7 system, considering core programs such as education, public
8 safety, health care programs, including the medicare and
9 medicaid programs, and others must face legislative scrutiny
10 before receiving continued funding.

11 The purpose of this Act is to establish a sunrise and
12 sunset review of certain tax exemptions, deductions, and credits
13 to require legislative review of these programs to ensure their
14 fiscal integrity and provide good state fiscal policy.

15 SECTION 2. Chapter 231, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:



1 "§231- Tax credits and exemptions; evaluation; report.

2 (a) The department shall perform an evaluation of the tax
3 credits or tax exemptions provided in title 14 and scheduled for
4 repeal in section 3 of Act , Session Laws of Hawaii 2011.

5 (b) The department shall report to the legislature on the
6 evaluation required by this section no later than twenty days
7 prior to the convening of the 2012 regular session.

8 (c) In evaluating the economic effects of the tax credits
9 and tax exemptions provided in title 14 and scheduled for repeal
10 in section 3 of Act , Session Laws of Hawaii 2011, the
11 department may:

12 (1) Contract with recognized technical experts
13 knowledgeable in the field of economics;

14 (2) Establish a technical advisory group, which may
15 include the department of labor and industrial
16 relations, department of agriculture, department of
17 commerce and consumer affairs, department of
18 transportation, department of human services, and
19 department of business, economic development, and
20 tourism, to help identify and develop the data
21 elements needed for the analyses; and



1 (3) Collect, process, and analyze data from federal,
2 state, and local government sources.

3 (d) The data and economic analyses provided by the
4 department in its report to the legislature shall provide
5 information sufficient to allow the legislature to determine
6 whether the tax credits and tax exemptions provided under title
7 14 are achieving their intended objectives, are consistent with
8 public policies, and whether the credits and exemptions should
9 be reenacted, modified, or permitted to expire.

10 (e) If the department recommends that a tax credit or tax
11 exemption should be modified, it shall provide with its report
12 to the legislature, and with the assistance from the departments
13 listed in subsection (c)(2), proposed draft legislation that,
14 upon enactment, would effect the recommended modifications.

15 (f) If the department recommends that the law establishing
16 a tax credit or tax exemption should not be reenacted, it shall
17 make appropriate recommendations, with assistance from the
18 departments listed in subsection (c)(2), to improve the
19 operation of the tax credit or tax exemption, including
20 recommendations for appropriate restrictions to be placed on the
21 tax credit or tax exemption."



1 SECTION 3. Repeal dates for tax credits and exemptions.

2 The following sections shall be repealed on December 31, 2012:

- 3 (1) Section 235-4.5 (taxation of trusts, beneficiaries;
4 credit);
- 5 (2) Section 235-9 (exemptions; generally);
- 6 (3) Section 235-9.5 (stock options from qualified high
7 technology businesses excluded from taxation);
- 8 (4) Section 235-12.5 (renewable energy technologies;
9 income tax credit);
- 10 (5) Section 235-15 (tax credits to promote the purchase of
11 child passenger restraint systems);
- 12 (6) Section 235-17 (motion picture, digital media, and
13 film production income tax credit);
- 14 (7) Section 235-18 (deposit beverage container deposit
15 exemption);
- 16 (8) Section 235-54 (exemptions);
- 17 (9) Section 235-55 (tax credits for resident taxpayers);
- 18 (10) Section 235-55.7 (income tax credit for low-income
19 household renters);
- 20 (11) Section 235-55.85 (refundable food/excise tax credit);
- 21 (12) Section 235-110.2 (credit for school repair and
22 maintenance);



- 1 (13) Section 235-110.3 (ethanol facility tax credit);
- 2 (14) Section 235-110.51 (technology infrastructure
- 3 renovation tax credit);
- 4 (15) Section 235-110.6 (fuel tax credit for commercial
- 5 fishers);
- 6 (16) Section 235-110.7 (capital goods excise tax credit);
- 7 (17) Section 235-110.8 (low-income housing tax credit);
- 8 (18) Section 235-110.93 (important agricultural land
- 9 qualified agricultural cost tax credit);
- 10 (19) Section 235-129 (S corporations; tax credits);
- 11 (20) Section 237-16.8 (general excise tax; exemption of
- 12 certain convention, conference, and trade show fees);
- 13 (21) Section 237-23 (general excise tax; exemptions,
- 14 persons exempt, applications for exemption);
- 15 (22) Section 237-23.5 (general excise tax; related
- 16 entities; common paymaster; certain exempt
- 17 transactions);
- 18 (23) Section 237-24 (general excise tax; amounts not
- 19 taxable);
- 20 (24) Section 237-24.3 (general excise tax; additional
- 21 amounts not taxable);



- 1 (25) Section 237-24.5 (general excise tax; additional
2 exemptions);
- 3 (26) Section 237-24.7 (general excise tax; additional
4 amounts not taxable);
- 5 (27) Section 237-24.75 (general excise tax; additional
6 exemptions);
- 7 (28) Section 237-24.9 (general excise tax; aircraft service
8 and maintenance facility);
- 9 (29) Section 237-25 (general excise tax; exemptions of
10 sales and gross proceeds of sales to federal
11 government, and credit unions);
- 12 (30) Section 237-26 (general excise tax; exemption of
13 certain scientific contracts with the United States);
- 14 (31) Section 237-27 (general excise tax; exemption of
15 certain petroleum refiners);
- 16 (32) Section 237-27.5 (general excise tax; air pollution
17 control facility);
- 18 (33) Section 237-27.6 (general excise tax; solid waste
19 processing, disposal, and electric generating
20 facility; certain amounts exempt);
- 21 (34) Section 237-28.1 (general excise tax; exemption of
22 certain shipbuilding and ship repair business);



- 1 (35) Section 237-29 (general excise tax; exemptions for
2 certified or approved housing projects);
- 3 (36) Section 237-29.5 (general excise tax; exemption for
4 sales of tangible personal property shipped out of the
5 State);
- 6 (37) Section 237-29.53 (general excise tax; exemption for
7 contracting or services exported out of State);
- 8 (38) Section 237-29.55 (general excise tax; exemption for
9 sale of tangible personal property for resale at
10 wholesale);
- 11 (39) Section 237-29.8 (general excise tax; call centers;
12 exemption; engaging in business; definitions);
- 13 (40) Section 239-5.5 (public service company tax; surcharge
14 amounts exempt);
- 15 (41) Section 239-6.5 (public service company tax; tax
16 credit for lifeline telephone service subsidy);
- 17 (42) Section 239-12 (public service company tax; call
18 centers; exemption; engaging in business;
19 definitions);
- 20 (43) Section 241-4.5 (banks and other financial
21 corporations tax; capital goods excise tax credit);



- 1 (44) Section 241-4.6 (banks and other financial
- 2 corporations tax; renewable energy technologies;
- 3 income tax credit);
- 4 (45) Section 241-4.7 (banks and other financial
- 5 corporations tax; low-income housing; income tax
- 6 credit);
- 7 (46) Section 241-4.8 (banks and other financial
- 8 corporations tax; high technology business investment
- 9 tax credit); and
- 10 (47) Section 244D-4.3 (liquor tax; exemption for sales of
- 11 liquor out of the State).

12 SECTION 4. There is appropriated out of the general

13 revenues of the State of Hawaii the sum of \$ or so

14 much thereof as may be necessary for fiscal year 2011-2012 and

15 the same sum or so much thereof as may be necessary for fiscal

16 year 2012-2013 for to carry out the purposes of this Act,

17 including additional resources, funding for

18 permanent, full-time equivalent (.00 FTE) positions (an

19 economist, a research statistician, and an administrative rules

20 specialist) in the department of taxation, and to reimburse

21 other state agencies for costs incurred in performing tasks

22 required by this Act.


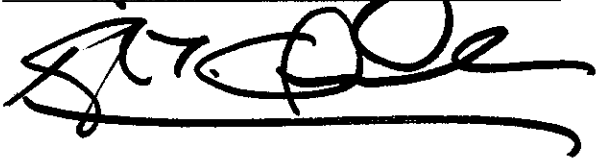
1 The sums appropriated shall be expended by the department
2 of taxation for the purposes of this Act.

3 SECTION 5. New statutory material is underscored.

4 SECTION 6. This Act shall take effect upon its approval;
5 provided that section 4 shall take effect on July 1, 2011.

6

INTRODUCED BY:

JAN 25 2011



Report Title:

Tax Credits; Tax Exemptions; Evaluation

Description:

Requires the department of taxation to evaluate certain tax credits and tax exemptions and report to legislature. Provides automatic repeal of the tax credits and tax exemptions.

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

