

STAND. COM. REP. NO. 675

Honolulu, Hawaii

March 4, 2011

RE: H.B. No. 1270
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1270 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to:

- (1) Require the Department of Taxation (DOTAX) to evaluate certain tax credits and exemptions and provide a report of its findings to the Legislature;
- (2) Provide for the automatic repeal of tax credits and exemptions; and
- (3) Provide funding for additional positions in DOTAX, including an economist, a research statistician, and an administrative rules specialist.

A concerned individual supported this bill. The Hawaii Housing Finance and Development Corporation; EAH Housing; Pacific Guardian Life Insurance Company, Ltd.; Woodmen of the World; SolarCity; Property Casualty Insurers Association of America; Hawaii Habitat for Humanity Association; Retail Merchants of Hawaii; the Roman Catholic Church in the State of Hawaii, Diocese of Honolulu; Catholic Charities Hawaii; the Land Use Research Foundation of Hawaii; SunPower Systems Corporation; The Queen's

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Medical Center; Kairos Energy Capital, LLC; Stanford Carr Development, LLC; The Solar Alliance; Hawaii Solar Energy Association; USAA; the American Council of Life Insurers; the American Fraternal Alliance; Prudential Financial; the Knights of Columbus; Hawaii BioEnergy; Hawaii Electric Industries and subsidiaries Hawaiian Electric Company, Inc., and American Savings Bank; Liberty Mutual; Mutual Housing Association of Hawaii, Inc.; and numerous concerned individuals testified in opposition to this measure. DOTAX, the Department of Business, Economic Development and Tourism; the City and County of Honolulu Department of Community Services; the Tax Foundation of Hawaii; The Chamber of Commerce of Hawaii; the Military Affairs Council of The Chamber of Commerce of Hawaii; the Hawaii Association of REALTORS®; the Honolulu Board of REALTORS®; the Healthcare Association of Hawaii; Thrivent Financial for Lutherans; Faith Action for Community Equity; the Hawaii Harbor Users Group; Alexander and Baldwin, Inc.; Oceanic Time Warner Cable; the Building Industry Association of Hawaii; the Hawaii Credit Union League; the Hawaii Film and Entertainment Board; the Hawaii Alliance of Nonprofit Organizations; the National Association of Independent Life Brokerage Agencies; Hawaii Farm Bureau Federation; Covanta Energy Group; the National Association of Insurance and Financial Advisors; Hawaiian Telcom; and several concerned individuals provided comments.

Your Committee amended this bill by:

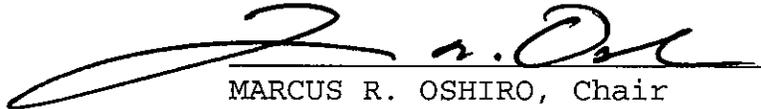
- (1) Removing the responsibility of DOTAX to evaluate the tax credit, exclusion, and exemption data provided by the taxpayers to DOTAX and instead allowing any interested person or private or government agency to provide such analysis to the Legislature;
- (2) Providing that the data collected by DOTAX is public information, allowing for analysis by nongovernmental agencies;
- (3) Requiring DOTAX to provide a report to the Legislature summarizing the statistical information received from the taxpayers;
- (4) Providing firm deadlines for the taxpayer to report information to DOTAX, for DOTAX to provide the information to the Legislature, and for any interested parties to provide analyses to the Legislature for consideration;



- (5) Providing for the repeal of certain tax credits, exclusions, and exemptions;
- (6) Removing specific exemptions and credits from this bill, leaving them in the statutes;
- (7) Deleting the section providing for an appropriation for additional positions for DOTAX; and
- (8) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1270, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1270, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



