

Honolulu, Hawaii

APR 27 2017

RE: S.B. No. 100  
S.D. 2  
H.D. 1  
C.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 100, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Repeal chapter 23, parts VI and VII, Hawaii Revised Statutes, requiring the Auditor to review certain tax exemptions, exclusions, deductions, and credits;
- (2) Require the Department of Taxation (DOTAX) to conduct reviews of certain tax exemptions, exclusions, deductions, and credits, beginning in 2019; and



- (3) Require DOTAX to publish a report on certain tax expenditures and report to the Legislature on a specified schedule.

Your Committee on Conference finds that the Auditor is the appropriate office to conduct the reviews of the exemptions, exclusions, credits, and deductions envisioned pursuant to Acts 245 and 261, Session Laws of Hawaii 2016, (Acts 245 and 261) codified in chapter 23, parts VI and VII, Hawaii Revised Statutes. Your Committee on Conference further finds that delaying the original review schedule is necessary due to the tax system modernization project underway at DOTAX and the unavailability of certain tax incentive data. Your Committee on Conference finds that the completed reviews will yield more relevant, meaningful, and accurate results if delayed for one year. Your Committee on Conference further finds that for the Auditor to complete the required reviews, it is necessary to provide the Auditor with access to DOTAX records and to clarify the standards to be used by the Auditor in the reviews.

Your Committee on Conference has amended this measure by deleting its contents and inserting the contents of the S.D. 2 version, which amends the provisions of the Auditor's review of exemptions, exclusions, credits, and deductions established under Acts 245 and 261 by:

- (1) Requiring DOTAX to provide the Auditor with any tax records that are necessary to conduct the reviews and establishing confidentiality requirements concerning the data;
- (2) Requiring that the reviews be made on a calendar year basis, rather than a fiscal year basis;
- (3) Clarifying the review criteria regarding the achievement of the legislative purpose of the exemption, exclusion, credit, or deduction;
- (4) Delaying the review schedules established under Acts 245 and 261;
- (5) Adding the organic foods production tax credit enacted by Act 258, Session Laws of Hawaii 2016, to the review schedule;



- (6) Requiring a status report to the Legislature on the Auditor reviews required pursuant to Acts 245 and 261; and
- (7) Appropriating funds to the Auditor to conduct the reviews required pursuant to Acts 245 and 261.

Your Committee on Conference has further amended this measure by:

- (1) Removing the provision requiring a status report to the Legislature on the Auditor reviews required pursuant to Acts 245 and 261;
- (2) Removing the appropriation to the Auditor to conduct the reviews required pursuant to Acts 245 and 261;
- (3) Making it effective upon its approval; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 100, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 100, S.D. 2, H.D. 1, C.D. 1.

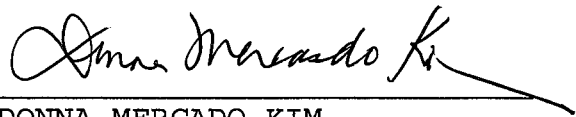
Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

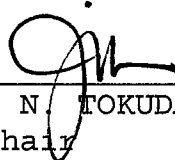
ON THE PART OF THE SENATE



SYLVIA LUKE  
Chair



DONNA MERCADO KIM  
Chair



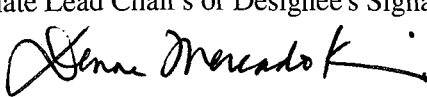
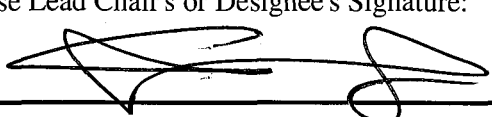
JILL N. TOKUDA  
Co-Chair



Hawaii State Legislature

CCR 64

Record of Votes of a  
Conference Committee

Bill / Concurrent Resolution No.: <b>SB 100, SD 2, HD 1</b>					Date/Time: <b>4/24/17 120 P.M</b>				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
KIM, Donna Mercado, Chr.	/				LUKE, Sylvia, Chr.	/			
TOKUDA, Jill N., Co-Chr.	/				CULLEN, Ty J.K.	/			
RUDERMAN, Russell E.	/				TUPOLA, Andria P.L.	/			
TOTAL	3	0	0	0	TOTAL	3	0	0	0
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution:		Original	Yellow	Pink	Goldenrod				
		File with Conference Committee Report	House Clerk's Office	Senate Clerk's Office	Drafting Agency				