

STAND. COM. REP. NO.

1581

Honolulu, Hawaii

April 5, 2017

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 100, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the requirements for ongoing review of various tax exemptions, exclusions, credits, and deductions.

Specifically, this measure:

- (1) Requires the Department of Taxation (Department) to provide the Auditor with access to tax records;
- (2) Clarifies the standards to be used by the Auditor in the reviews;
- (3) Delays the review schedules by one year; and
- (4) Adds the organic foods production tax credit to the tax credits that shall be reviewed by the Auditor.



The Office of the Auditor supported this measure. The Department of Taxation; Taxation Foundation of Hawaii; and Island Energy Services, LLC provided comments.


Your Committee has amended this measure by:

- (1) Requiring the Department, rather than the Auditor, to review the various tax exemptions, exclusions, credits, and deductions as required by Acts 245 and 261, Session Laws of Hawaii 2016;
- (2) Repealing parts VI and VII of Chapter 23, Hawaii Revised Statutes, which codified Acts 245 and 261, Session Laws of Hawaii 2016;
- (3) Removing the provisions that authorized the Auditor to access certain tax records and other information to conduct required reviews;
- (4) Amending the list of exemptions, exclusions, deductions, and credits to be reviewed, and the manner in which the reviews are conducted;
- (5) Granting the Department the discretion to determine the suitability of new and existing tax exemptions, exclusions, credits, or deductions for review;
- (6) Authorizing the Department to require any taxpayer claiming any exemption, exclusion, deduction, or credit to submit supporting information to the Department and providing an unspecified penalty for noncompliance;
- (7) Changing the effective date to July 1, 2030, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, 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 S.B. No. 100, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 100, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.



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



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SYLVIA LUKE, Chair



State of Hawaii  
House of Representatives  
The Twenty-ninth Legislature

HSCR 1581

**Record of Votes of the Committee on Finance**

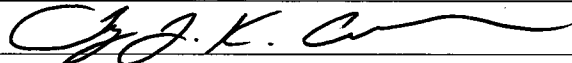
Bill/Resolution No.: <b>SB 100, SD 2</b>	Committee Referral: <b>FIN</b>	Date: <b>3-21-2017</b>
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The committee is reconsidering its previous decision on the measure.

The recommendation is to:     Pass, unamended (as is)     Pass, with amendments (HD)     Hold  
 Pass short form bill with HD to recommit for future public hearing (recommit)

FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	✓			
2. CULLEN, Ty J.K. (VC)	✓			
3. CACHOLA, Romy M.	✓			
4. CHOY, Isaac W.	✓			
5. DeCOITE, Lynn	✓			
6. GATES, Cedric Asuega	✓			
7. HOLT, Daniel	✓			
8. KEOHOKALO, Jarrett				✓
9. KOBAYASHI, Bertrand	✓			
10. LoPRESTI, Matthew S.	✓			
11. LOWEN, Nicole E.	✓			
12. NAKAMURA, Nadine K.	✓			
13. TOKIOKA, James Kunane	✓			
14. QUINLAN, Sean	✓			
15. YAMASHITA, Kyle T.	✓			
16. TUPOLA, Andria P.L.				✓
17. WARD, Gene	✓			
<b>TOTAL (17)</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>2</b>

The recommendation is:     Adopted     Not Adopted  
If joint referral, \_\_\_\_\_ did not support recommendation.  
   committee acronym(s)

Vice Chair's or designee's signature: 

**Distribution:** Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO