

STAND. COM. REP. NO. **1509**-18

Honolulu, Hawaii
, 2018

MAR 23

RE: S.B. No. 648
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 648, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the State's income tax law by:

- (1) Establishing an earned income tax credit and appropriating funds to the Department of Taxation for outreach programs to assist taxpayers in claiming the tax credit and to reduce preparation error;
- (2) Changing the income tax rates for taxable years beginning after December 31, 2016; and
- (3) Repealing the sunset date for amendments made to the Refundable Food/Excise Tax Credit in Act 223, Session Laws of Hawaii 2015.

For purposes of a public hearing on this measure, your Committee circulated a Proposed Draft S.B. 648 S.D. 1 H.D. 1 and notified the public that it would be accepting testimony on the Proposed Draft. Your Committee considered the merits of both S.B.



No. 648 S.D. 1, as received from the Senate, and the Proposed Draft.

The purpose of the Proposed Draft is to allocate additional funds from the Transient Accommodations Tax revenues to the Counties of Hawaii, Kauai, and Maui for projects authorized under the counties' respective general plans, development plans, and tourism strategic plans.

The Mayor of the County of Hawaii; Mayor of the County of Kauai; Mayor of the County of Maui; five Hawaii County Councilmembers; three Maui County Councilmembers; Kona-Kohala Chamber of Commerce; Kohala Coast Resort Association; Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i; and an individual supported the Proposed Draft. The Department of Budget and Finance; Department of Taxation; all seven Kaua'i County Councilmembers; and Tax Foundation of Hawaii offered comments on the Proposed Draft.

Upon careful consideration, your Committee has adopted the Proposed Draft, which allocates \$9,425,000, \$12,090,000, and \$14,820,000 of transient accommodations tax revenues to the County of Kauai, County of Hawaii, and County of Maui, respectively, for expenditures authorized under each county's general plan, development plan, or tourism strategic plan, beginning on July 1, 2018, and ending on December 31, 2030. Your Committee further amended the Proposed Draft to clarify that the counties' annual reports to the Legislature shall specify the plan, rather than the project, associated with the expenditures of appropriated revenues.

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. 648, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 648, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.



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



SYLVIA LUKE, Chair



