A BILL FOR AN ACT

RELATING TO FISCAL RESPONSIBILITY.

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

SECTION 1. The legislature finds that the 2013 tax review commission concluded that a comprehensive review of Hawaii's tax structure was necessary to determine how the structure fared during the 2007 recession and whether it was adequate to meet the needs of the twenty-first century.

One recommendation of the tax review commission was to establish a commission similar to the federal government's national commission on fiscal responsibility and reform, also known as the Simpson-Bowles commission, with authority to review and make recommendations on state expenditures and revenue enhancement.

The tax review commission noted that the tax burden on Hawaii's taxpayers would be severe if the approach was solely to enhance revenue. Therefore, the expenditure component must be part of a solution that promotes long-term financial stability and prosperity for the State and its residents.
The purpose of this Act is to establish a bipartisan commission with authority to review and make recommendations on state expenditures, revenue enhancement, and tax policy.

SECTION 2. (a) There is established the state commission on fiscal responsibility within the department of taxation for administrative purposes.

(b) The state commission on fiscal responsibility shall consist of the following members:

(1) Five members to be appointed by the governor; provided that:

(A) No more than three appointees shall be from the same political party; and

(B) At least one appointee shall be currently serving or shall have formerly served on the state council on revenues;

(2) Three members to be appointed by the president of the senate;

(3) Three members to be appointed by the minority leader of the senate;

(4) Three members to be appointed by the speaker of the house of representatives;
(5) Three members to be appointed by the minority leader of the house of representatives;
(6) The director of taxation or the director's designee;
(7) The director of finance or the director's designee;
(8) One representative to be invited by the governor from the Legal Aid Society of Hawaii; and
(9) One representative to be invited by the governor from the Tax Foundation of Hawaii.
(c) From among the governor's appointees, the governor shall designate two members to serve as co-chairs of the commission; provided that the two members shall not be of the same political party.
(d) The commission shall:
(1) Identify policies for the State to improve revenue enhancement in the medium term and to achieve fiscal security over the long term;
(2) Research and propose recommendations related to state spending; and
(3) Identify steps needed to improve tax policy to create a more balanced and progressive tax structure.
Members of the commission shall serve without compensation, but shall be reimbursed for necessary expenses, including travel expenses, incurred in the performance of their official duties.

(f) The commission may hire staff to assist in the performance of its duties and responsibilities. The employees shall be hired without regard to the requirements of chapter 76, Hawaii Revised Statutes; provided that the staff shall be eligible for participation in state employee benefit plans.

(g) The commission shall submit a report to the legislature of its findings and recommendations no later than twenty days prior to the convening of the regular session of 2021. The report shall require the approval of a majority of the total membership of the commission.

(h) The commission shall cease to exist on June 30, 2021.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for the establishment and administration of the state commission on fiscal responsibility.
The sums appropriated shall be expended by the department of taxation for the purposes of this Act.

SECTION 4. This Act shall take effect on July 1, 2019.
Report Title:
DOTAX; Commission on Fiscal Responsibility; Taxation; Appropriation

Description:
Establishes a bipartisan commission within the Department of Taxation to review and make recommendations on state expenditures, revenue enhancements, and tax policy. Appropriates moneys.

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