

MAR 11 2016

SENATE RESOLUTION

REQUESTING THE TAX REVIEW COMMISSION TO EVALUATE THE IMPACTS OF
GENERAL EXCISE AND USE TAX INCREASES PROPOSED DURING THE
REGULAR SESSION OF 2016.

1 WHEREAS, it is anticipated that a Tax Review Commission
2 will be convened, pursuant to Article VII, section 3, of the
3 State Constitution; and
4

5 WHEREAS, the basic duties of the Tax Review Commission are
6 to evaluate the State's tax structure and recommend revenue and
7 tax policy; and
8

9 WHEREAS, during the Regular Session of 2016, the
10 Legislature considered two proposals to increase the general
11 excise tax and use tax, one to finance long-term care benefits
12 and the other to fund education programs; and
13

14 WHEREAS, reliable estimates of the general fund revenue
15 impacts of the proposed general excise and use tax increases
16 were relatively easy to obtain from the Department of Taxation;
17 and
18

19 WHEREAS, other impacts, however, were not understood or
20 fully discussed because of the lack of sufficient objective
21 information; and
22

23 WHEREAS, the impacts that should be better understood
24 include the following:
25

- 26 (1) The persons or businesses that will actually bear the
27 cost of the tax increases;
28
29 (2) The extent of any regressivity that is likely to be
30 caused by the tax increases;
31
32 (3) The compatibility of the tax increases with the
33 public's general preference for a progressive tax
34 structure;
35



- (4) The necessity for income tax credits to relieve the burden on low-income residents;
- (5) The proportion of the tax increases that will be exported;
- (6) The assurance that revenues from the tax increases would be dedicated to and expended exclusively for their intended purpose;
- (7) The fairness of imposing such a broad and substantial tax increase on all taxpayers, including many who would not benefit from the programs that the tax increases are intended to fund; and
- (8) The capability of the Department of Taxation to implement the tax increases; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-eighth Legislature of the State of Hawaii, Regular Session of 2016, that the Tax Review Commission is requested to conduct or commission a study evaluating the impacts of a general excise and use tax increase, as proposed under Senate Bill No. 2599 for public education and Senate Bill No. 2478 for long-term care financing; and

BE IT FURTHER RESOLVED that the Tax Review Commission is requested to submit the study to the Legislature and Governor with the Commission's Final Report under Article VII, section 3, of the State Constitution; and

BE IT FURTHER RESOLVED that a certified copy of this Resolution be transmitted to the Chairperson of the Tax Review Commission.

Breen Hunt
Helene Egosh

OFFERED BY:

Randy H. Bala
Clayton K. McFadden

Mark A.

Jin
~~*Don*~~ *A.C. Smith-Agona*
Mike Gelber

Michelle Tidani

Michelle Tidani
Eraine Q. Moya

