CONFERENCE COMMITTEE REP. NO

-16

Honolulu, Hawaii April 29, 2016 RE: H.B. No. 1527 H.D. 1 S.D. 1 C.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Honorable Ronald D. Kouchi President of the Senate Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1527, H.D. 1, S.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 require the Department of Taxation to evaluate and make recommendations regarding the repeal of certain enumerated tax credits and tax exemptions and to report to the Legislature before the Regular Session of 2018. This measure also requires, beginning on July 1, 2018 and every five years thereafter, the Department to evaluate and make recommendations regarding new tax credits and exemptions.



Your Committee on Conference has amended this measure by:

- Requiring review of enumerated, existing credits, exclusions, and deductions under state income and financial institutions taxes rather than newly enacted tax credits and exemptions;
- (2) Establishing new evaluation guidelines for the review, including determinations of tax expenditure costs over previous fiscal years, whether or not the objectives of each tax credit, exclusion, or deduction have been met and will continue to be met, and the effects of each tax credit, exclusion, or deduction on tax equity and the lowincome residents of the State;
- (3) Specifying that the evaluations shall begin in 2019 and setting a schedule for evaluation of specified credits pursuant to a five-year cycle;
- (4) Specifying that the Office of the Auditor, rather than the Department of Taxation, shall perform the review;
- (5) Amending the list of specific tax credits, exclusions, or deductions to be reviewed and the years in which the review of certain credits, exclusions, or deductions is set to begin;
- (6) Removing funding provisions for the review;
- (7) Changing its effective date to July 1, 2018; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 1527, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1527, H.D. 1, S.D. 1, C.D. 1.



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Respectfully submitted on behalf of the managers:

ON THE PART OF THE SENATE

JILL N. Chair

ON THE PART OF THE HOUSE

JO JORDAN, Chair



Hawaii State Legislature



Record of Votes of a **Conference Committee**

Bill / Concurrent Resolution No.: HB 1527, HD 1, SD 1					Date/Time: 4292016				
The recommendation of the House	e and a	Senate	mana	agers					
The Committee is reconsidering it			_			- <u> </u>			
The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					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
TOKUDA, Jill N., Chr.					JORDAN, Jo, Chr.				
ENGLISH, J. Kalani		<u> </u>		1	KOBAYASHI, Bertrand		<u> </u> _	<u> </u>	
WAKAI, Glenn				\checkmark	LOPRESTI, Matthew S.	- v			
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Senate Recommendation is:				House Recommendation is:					
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A Designee's Signa					House Lead Chair's or Designee's Sig	nature:		_	
Distribution: Original File with Conference Con	ımittee	Report	 !	Hou	Yellow Pink see Clerk's Office Senate Clerk's Offic		Golden afting A		_