STAND. COM. REP. NO. 612

Honolulu, Hawaii February 17, 2017

RE: H.B. No. 1586 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 Tourism, to which was referred H.B. No. 1586 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to address the high cost of living in the State by enacting tax reform that reduces the tax burden for low- and middle-income earners.

Specifically, this measure:

- Over a three-year period, phases out the county allocation of transient accommodations tax revenues and implements new income tax brackets and rates;
- (2) Doubles the amount of the personal exemption available to taxpayers; and
- (3) Imposes hard caps on claims for itemized tax deductions.

The Office of the Mayor of the County of Kauai, County of Hawaii, and City and County of Honolulu, Chairpersons of the Kauai County Council, Honolulu City Council, and Maui County Council, two Councilmembers from the Kauai County Council, a Councilmember from the Honolulu City Council District 3, a Councilmember from the Maui County Council, Hawaii State Association of Counties, Coalition for Equal Taxation, Kauai Police Department, Maui Hotel

HB1586 HD1 HSCR TOU HMS 2017-2244

STAND. COM. REP. NO. G12

& Lodging Association, and several concerned individuals opposed this measure. The Department of Taxation, Rental By Owner Awareness Association and Tax Foundation of Hawaii offered comments.

Your Committee has amended this measure by:

- (1) Changing the applicable dates to taxable years beginning after December 31, 2017, for individual income tax provisions that propose to double the amount of the personal exemption available to taxpayers and impose hard caps on claims for itemized deductions; and
- (2) Changing its effective date to July 1, 2117, to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1586, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1586, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Tourism,

RICHARD H.K. ONISHI, Chair



State of Hawaii House of Representatives The Twenty-ninth Legislature

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Record of Votes of the Committee on Tourism

Bill/Resolution No.: HB 1586 TO(Date:	02/14	117
The committee is reconsidering its previous decision	on the measure.			
Che recommendation is to: θ Pass, unamended (a θ Pass short form bill	-	s, with amendments () nmit for future public		:)
TOU Members	Ayes	Ayes (WR)	Nays	Excused
. ONISHI, Richard H.K. (C)				
2. TOKIOKA, James Kunane (VC)	1			· · · · · · · · · · · · · · · · · · ·
3. CACHOLA, Romy M.	V/			
I. CHOY, Isaac W.	V			
5. ITO, Ken				
5. OHNO, Takashi				
. WOODSON, Justin H.				la siasin Maria
3. WARD, Gene		•	\checkmark	
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TOTAL (8)	6	1/		
The recommendation is: Adopted	θ Not Adopte			
If joint referral,	ommittee acronym(t recommendation.	
Vice Chair's or designee's signature:	KM /	1MM		
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