STAND. COM. REP. NO. 21

Honolulu, Hawaii

FEB 1 5 2017

RE: S.B. No. 100 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 100 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- Require the Department of Taxation (DOTAX) to provide access of tax records to the Auditor to conduct the reviews, and permits the Auditor to include certain data received from DOTAX in a report to the Legislature;
- (2) Clarify the review criteria the Auditor shall apply in review of an exemption, exclusion, or credit;
- (3) Delay the Auditor review schedules required pursuant to Act 245, Session Laws of Hawaii 2016, and Act 261, Session Laws of Hawaii 2016, by one year;
- (4) Add the organic foods production income tax credit to the Auditor review schedule; and
- (5) Appropriate funds to the Auditor for the required reviews.

Your Committee received testimony in support of this measure from the Office of Auditor. Your Committee received testimony in opposition to this measure from one individual. Your Committee



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received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; and United Public Workers, AFSCME, Local 646, AFL-CIO.

Your Committee finds that delaying the Auditor review schedule is necessary due to the tax system modernization project underway at DOTAX and the unavailability of certain tax incentive data. Your Committee finds that the completed reviews will yield more relevant, meaningful, and accurate results if delayed for one year. Your Committee also finds that it is necessary to clarify the information available to the Auditor in performance of the reviews.

Your Committee has amended this measure by:

- Clarifying the types of information the Auditor may include in a report to the Legislature;
- (2) Clarifying that information marked confidential by DOTAX shall be kept confidential by the Auditor and Legislature;
- (3) Requiring a status report to the Legislature on the Auditor reviews required pursuant to Act 245, Session Laws of Hawaii 2016, and Act 261, Session Laws of Hawaii 2016; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 100, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 100, S.D. 1, and be referred to your Committee on Ways and Means.



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Respectfully submitted on behalf of the members of the Committee on Government Operations,

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DONNA MERCADO KIM, Chair



The Senate Twenty-Ninth Legislature State of Hawaiʻi

Record of Votes Committee on Government Operations GVO

Bill / Resolution No.:*	Committee	Referral:		Date:		<u> </u>
SB 160	Gvo,	WAM		2	917	7
The Committee is reconsidering its previous decision on this measure.						
If so, then the previous decision was to:						
The Recommendation is:						
Pass, unamended X Pass, with amendments Hold Recommit 2312 2311 2310 2313						
Members		Aye	Aye (W	R)	Nay	Excused
KIM, Donna Mercado (C)		X				
RUDERMAN, Russell E. (VC)		χ				
GALUTERIA, Brickwood		\times				
RHOADS, Karl		\times				
TOKUDA, Jill N.		۲				X
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TOTAL		Ч	D		0	
Recommendation:						
Adopted Not Adopted						
Chair's or Designee's Signature:						
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*Only one measure per Record of Votes