

STAND. COM. REP. NO. 571

Honolulu, Hawaii

FEB 19 2021

RE: S.B. No. 662  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 662, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage efficacy in the State's income taxation system by requiring new income tax credits to include a five-year sunset provision or a gradual reduction over a three-year period.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the impact of changes to the state tax code are not always apparent at the time that the change is first enacted. Specifically, it is often difficult to precisely predict how effectively a new income tax credit may accomplish its policy goal or what adverse impact the tax credit may have on the State's ability to collect revenue. Accordingly, this measure requires that any income tax credit established or renewed after December 31, 2021, either expire after five years or be reduced by one third each year after the fifth year of the credit.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your



Committee is in accord with the intent and purpose of S.B.  
No. 662, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 662, SD 1	JDC, WAM	2-16-21		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)	✓			
ENGLISH, J. Kalani	✓			
INOUYE, Lorraine R.	✓			
KANUHA, Dru Mamo	✓			
KIDANI, Michelle N.	✓			
MORIWAKI, Sharon Y.				✓
SHIMABUKURO, Maile S.L.	✓			
TANIGUCHI, Brian T.		✓		
WAKAI, Glenn	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	9	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:right; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes