

STAND. COM. REP. NO.

59

Honolulu, Hawaii

FEB 10 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 Judiciary, to which was referred S.B. No. 662 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 require that new income tax credits include a five-year sunset or a gradual reduction over a three-year period.

Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that the impact of changes to the tax code are not always immediately apparent at the time the change is established. Specifically, it is often difficult to precisely predict how well a tax credit might accomplish the effect for which it was created and what adverse impact it may have on the State's ability to collect revenue. Therefore, this measure requires that new income tax credits sunset after five years or gradually reduce to increase the integrity of Hawaii's income tax system.

Your Committee has amended this measure by:



- (1) Clarifying that the sunset or gradual reduction requirement applies only to tax credits established or renewed after December 31, 2021;
- (2) Deleting unnecessary language relating to a trigger of legislative review; and
- (3) 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 Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 662, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 662, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:* SB 662	Committee Referral: JDC, WAM	Date: 2/4/21		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	/			
KEOHOKALOLE, Jarrett (VC)	/			
ACASIO, Laura	/			
GABBARD, Mike	/			
KIM, Donna Mercado	/			
LEE, Chris	/			
FEVELLA, Kurt	/			
TOTAL	7	-	-	-
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes