
A BILL FOR AN ACT

RELATING TO FISCAL RESPONSIBILITY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the 2010-2013 tax
2 review commission concluded that a comprehensive review of
3 Hawaii's tax structure was necessary to determine how the tax
4 structure fared during the great recession of 2008-2010 and
5 whether the tax structure was adequate to meet the needs of the
6 twenty-first century.

7 One recommendation of the tax review commission was to
8 establish a commission similar to the federal government's
9 National Commission on Fiscal Responsibility and Reform, also
10 known as the Simpson-Bowles Commission, with authority to review
11 and make recommendations on expenditures and revenue
12 enhancement.

13 The tax review commission noted that the tax burden on
14 Hawaii's taxpayers would be severe if the approach was solely to
15 enhance revenue. Therefore, the expenditure component must be
16 part of a solution that promotes long-term financial stability
17 and prosperity for the State and its residents.



1 The purpose of this Act is to establish a commission with
2 the authority to review and make recommendations on
3 expenditures, revenue enhancement, and improving tax policy.

4 SECTION 2. (a) There is established a temporary state
5 commission on fiscal responsibility within the department of
6 taxation for administrative purposes.

7 (b) The state commission on fiscal responsibility shall
8 consist of the following members:

9 (1) Two members to be appointed by the governor, at least
10 one of whom is currently serving or has formerly
11 served on the state council on revenues;

12 (2) Two members of the senate, to be appointed by the
13 president of the senate, one of whom shall serve as
14 co-chair of the commission;

15 (3) Two members of the house of representatives, to be
16 appointed by the speaker of the house of
17 representatives, one of whom shall serve as co-chair
18 of the commission;

19 (4) The director of taxation or the director's designee;

20 (5) The director of finance or the director's designee;



1 (6) One representative from a nonprofit legal services
2 provider; and

3 (7) One representative from a nonprofit organization whose
4 mission includes analyzing and examining tax and
5 spending policies at the state and local government
6 levels in Hawaii.

7 (c) The commission shall:

8 (1) Identify policies for the State to improve revenue
9 enhancement in the medium term and achieve fiscal
10 security over the long term;

11 (2) Research and propose recommendations related to state
12 spending; and

13 (3) Identify steps needed to improve tax policy to create
14 a more balanced and progressive tax structure.

15 (d) Members of the commission shall serve without
16 compensation, but shall be reimbursed for necessary expenses,
17 including travel expenses, incurred in the performance of their
18 official duties.

19 (e) The commission shall submit a report of its findings
20 and recommendations to the legislature no later than twenty days
21 prior to the convening of the regular session of 2025. The



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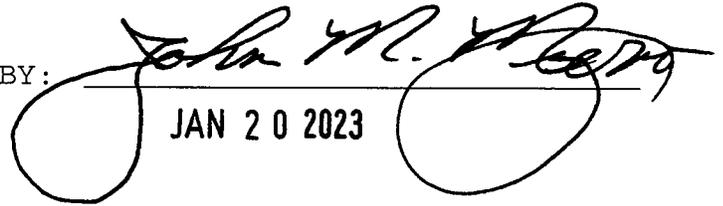
1 report shall require the approval of at least two-thirds of the
2 total commission members.

3 (f) The commission shall cease to exist on June 30, 2026.

4 SECTION 3. This Act shall take effect on July 1, 2023.

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INTRODUCED BY:


JAN 20 2023



H.B. NO. 787

Report Title:

Commission on Fiscal Responsibility; Taxation; Tax Policy

Description:

Establishes the Commission on Fiscal Responsibility within the Department of Taxation to review and make recommendations on expenditures, revenue enhancements, and tax policy. Requires a report to the Legislature.

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