

Honolulu, Hawaii

Feb 17, 2006

RE: H.B. No. 3065

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 3065 entitled:

"A BILL FOR AN ACT RELATING TO CAPITAL INVESTMENTS,"

begs leave to report as follows:

The purpose of this bill is to diversify Hawaii's economy by:

- (1) Increasing the amount of tax credits that can be issued and transferred by the Hawaii Strategic Development Corporation to \$120,000,000;
- (2) Allowing tax credits to apply towards insurance premium taxes;
- (3) Requiring that tax credits be applied to Hawaii companies; and
- (4) Authorizing the Hawaii Strategic Development Corporation to use refundable credits instead of contingent tax credits.

The Hawaii Science and Technology Council, Hawaii Venture Capital Association, Novasol, Referentia Systems, Inc., and Hawaii Crop Improvement Association testified in support of this bill. The Department of Business, Economic Development, and Tourism and Hawaii Strategic Development Corporation supported the intent of this measure. The High Technology Development Corporation and Tax Foundation of Hawaii offered comments.



As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3065 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



JON RIKI KARAMATSU, Chair



