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## HOUSE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF TAXATION TO CONDUCT A STUDY ON  
USING PERFORMANCE AS A BASIS FOR AWARDING TAX CREDITS.

1 WHEREAS, state tax credits are used to stimulate growth in  
2 the economy and specific industries or regions of the State; and  
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4 WHEREAS, the State has used tax credits extensively to  
5 invest in the high technology industry as well as to provide  
6 economic opportunities on the Leeward coast of Oahu; and  
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8 WHEREAS, tax credits to benefit the high technology  
9 industry have been in place for eight years, yet the State still  
10 lacks any reasonable measure of the success or failure of such  
11 tax credits; and  
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13 WHEREAS, a novel approach to providing tax credits is to  
14 issue such credits based on performance; and  
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16 WHEREAS, the Department of Taxation has achieved great  
17 success with its new computer system using performance-based  
18 contracts such that computer vendors are paid only if they  
19 achieve pre-agreed upon goals and objectives, including  
20 increased tax collections to pay for the new computer system;  
21 and  
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23 WHEREAS, tax credits issued contingent upon performance  
24 could mean that recipients of the tax credits are required to  
25 achieve pre-agreed upon goals and objectives or lose their tax  
26 preference; and  
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28 WHEREAS, performance-based tax credits would not only  
29 provide an excellent incentive for tax credit recipients to  
30 succeed, but would also provide an evaluation of the success or  
31 failure of the tax credit; now, therefore,  
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1 BE IT RESOLVED by the House of Representatives of the  
2 Twenty-fourth Legislature of the State of Hawaii, Regular  
3 Session of 2007, the Senate concurring, that the Department of  
4 Taxation is requested to conduct a study on using performance as  
5 a basis for awarding tax credits; and  
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7 BE IT FURTHER RESOLVED that the Department of Taxation is  
8 requested to:  
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- 10 (1) Combine its direct experience with the performance-  
11 based contracts implemented for its computer systems  
12 and other operations, with its expertise and  
13 accessible data with respect to tax-related issues, to  
14 determine whether performance-based tax credits could  
15 achieve similar results;  
16  
17 (2) Research other states and municipalities to see if  
18 these jurisdictions have used performance-based tax  
19 credits;  
20  
21 (3) Report its findings and recommendations to the  
22 Legislature, including any suggested legislation, no  
23 later than twenty days prior to the convening of the  
24 Regular Session of 2008; and  
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26 BE IT FURTHER RESOLVED that a certified copy of this  
27 Concurrent Resolution be transmitted to Director of Taxation.  
28  
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OFFERED BY:



MAR 13 2007

