

STAND. COM. REP. NO. 604

Honolulu, Hawaii
Feb 16, 2007

RE: H.B. No. 1631
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 1631 entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY BUSINESS
INVESTMENT TAX CREDIT,"

begs leave to report as follows:

The purpose of this bill is to allow the State to measure the success of its High Technology Business Investment Tax Credit (investment credit) by requiring taxpayers claiming the credit to file with the State Auditor, information allowing the Auditor to analyze the economic impact of the tax credit.

Numerous concerned individuals supported the bill. Honolulu Seawater Air Conditioning, LLC, Cellular Bioengineering, Inc., Ocean Engineering & Energy Systems International, LLC, Sunrise Capital, Inc., and a concerned individual opposed this measure.

Your Committee has amended this bill by removing its substance and requiring that:

- (1) A qualified high technology business (QHTB), by claiming the investment credit under section 235-110.9, Hawaii Revised Statutes (HRS), or the research activities credit under section 235-110.91, HRS, agrees to public disclosure of the name of their company;

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- (2) QHTBs must file an annual report with the Department of Taxation (DoTax) containing information about their employment positions in the State;
- (3) DoTax must report this information in aggregate form to the Legislature each year, as well as the names of QHTBs receiving the credits; and
- (4) DoTax must use this information to evaluate how successful the investment and research credits have been and report its conclusions to the Legislature.

Your Committee finds that under the amended bill, the amount of tax credits claimed will not be disclosed except in aggregate form, and the names of non-QHTB investors will remain confidential.

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. 1631, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1631, H.D. 1, and be referred to the Committee on Finance.

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

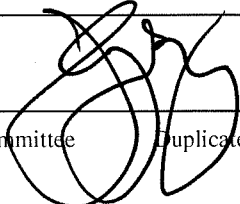


KYLE T. YAMASHITA, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.: HB 1631		Date: February 1 ²⁸ , 2007			
Committee Referral: EDB, FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration					
EDB Members		Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)		✓			
2. WAKAI, Glenn (VC)		✓			
3. BERG, Lyla B., Ph.D.					✓
4. BROWER, Tom		✓			
5. CHANG, Jerry L.					✓
6. HANOHANO, Faye P.		✓			
7. HERKES, Robert N.		✓			
8. MANAHAN, Joey		✓			
9. TSUJI, Clift		✓			
10. YAMANE, Ryan I.		✓			
11. CHING, Corinne W.L.		✓			
12. MARUMOTO, Barbara C.		✓			
TOTAL		10	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature: 					
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office					