

Honolulu, Hawaii

FEB 08 2007

RE: S.B. No. 1133
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Education, to which was referred S.B. No. 1133 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to require businesses that claim certain state tax credits to provide experiential learning opportunities to public school students.

Testimony in support of this measure was submitted by the Workforce Development Council and one individual. Comments on the measure were submitted by the Department of Taxation.

Your Committee finds that the State affords a multitude of tax credits to taxpayers based on various services, investments, or other criteria, including school repair and maintenance, ethanol production, low-income housing, certain renovations and development, and high technology businesses or investments. Your Committee further finds that as a condition to receiving these types of tax incentives, certain businesses should be required to provide some contribution or benefit to the State and its residents.

Experiential learning is one way by which these businesses can benefit from additional assistance and workforce development and our students can benefit from the opportunities to learn and gain experience in various fields. Experiential learning is learning through actual experience, allowing students to test



academic theories through real world applications. Your Committee believes that experiential learning provides students with an invaluable opportunity to relate their studies to real world experiences.


Your Committee recognizes that this measure may currently be too broad in its application, as it could have the unforeseen consequence of requiring a large number of businesses with fifty or more employees who claim the capital goods excise tax credit to provide experiential learning opportunities. Your Committee determines that the measure should be more limited in its scope to focus on fewer businesses, particularly those in emerging industries such as those within the innovation and high technology sectors.

Accordingly, your Committee has amended this measure by:

- (1) Removing the requirement that businesses with fifty employees or more that claim the tax credit provided under section 235-110.7, Hawaii Revised Statutes, provide experiential learning opportunities to public school students;
- (2) Changing the taxable year from which the measure applies from after 2006 to after 2050 to facilitate further discussion on the measure; and
- (3) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1133, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1133, S.D. 1, and be referred to the Committee on Economic Development and Taxation.


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


NORMAN SAKAMOTO, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Education
EDU

Bill / Resolution No.:* SB 1133	Committee Referral: EDU, EDT, WAM	Date: 02/02/07		
<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
SAKAMOTO, Norman (C)	X			
TOKUDA, Jill N. (VC)	X			
CHUN OAKLAND, Suzanne	X			X
HEE, Clayton	X			
NISHIHARA, Clarence K.				X
TANIGUCHI, Brian T.				X
GABBARD, Mike	X			
TOTAL	4			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes