

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 216  
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 Ways and Means, to which was referred S.B. No. 216 entitled:

"A BILL FOR AN ACT RELATING TO CAPITAL GOODS EXCISE TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to clarify the definition of "cost" as it pertains to the capital goods excise tax credit.

The measure accomplishes this purpose by:

- (1) Removing from the definition of "cost" the language regarding the actual invoice of the tangible personal property; and
- (2) Clarifying that the basis of depreciation when calculating cost is based on the value of the capital good that was subject to the general excise or use tax.

Your Committee received written comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

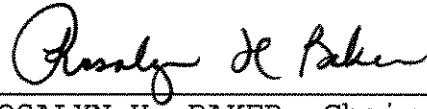
Your Committee finds that the administration of the capital goods excise tax credit will be more efficient by removing the invoice provision from the definition of "cost", and leaving the depreciable basis as the measure of the credit.



Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style, and by changing the effective date to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 216, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 216, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



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ROSALYN H. BAKER, Chair



