

Honolulu, Hawaii
Feb 14, 2008

RE: H.B. No. 1629
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 1629 entitled:

"A BILL FOR AN ACT RELATING TO CORPORATION INCOME TAX,"

begs leave to report as follows:

The purpose of this bill is to significantly reduce burdens
on business in Hawaii by repealing the corporate income tax.

The Department of Taxation (DOTAX) supported this measure.
The Tax Foundation of Hawaii provided comments.

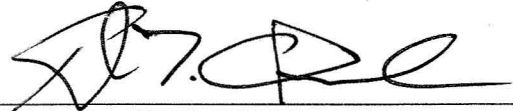
While the repeal of the corporate income tax would have the
commendable effect of improving the business climate for
corporations, DOTAX pointed out that the repeal would result in a
revenue loss of approximately \$81,000,000 per year.

Your Committee would like to ensure that the savings realized
by corporations under this measure will be invested in Hawaii's
economy. Upon further reflection, your Committee has amended this
bill by replacing its substance with a tax credit equal to 100
percent of a corporation's income tax liability. The credit may
be claimed by qualified corporations that pay 100 percent of their
employees at least the prevailing wage.



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. 1629, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1629, 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

HSCR 420-08

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

Bill/Resolution No.: HB 1629	Committee Referral: EDB, FIN	Date: 2/5/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
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 (12)	10	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				