

Honolulu, Hawaii

Feb 13, 2008

RE: H.B. No. 2961  
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. 2961 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to improve the State's ability to measure and evaluate the impact made on Hawaii's economy through use of the High Technology Business Investment Tax Credit (Investment Tax Credit) and the Tax Credit for Research Activities. Among other things, this bill:

- (1) Authorizes the Department of Taxation (DOTax) to study and evaluate the economic impact of existing and proposed state tax incentives;
- (2) Authorizes DOTax to collect information from January 1, 2002, as part of its annual survey of businesses that have claimed the Investment Tax Credit;
- (3) Requires DOTax to report annually to the Legislature, until 2012, on its findings of the economic impact of the two tax credits; and
- (4) Appropriates funds for these purposes.

DOTax and the PacifiCap Group testified in support of this bill. The Hawaii Venture Capital Association supported the intent

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of this measure. The Hawaii Science & Technology Council supported this bill with amendments. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Requiring information from January 1, 2002, to be included in DOTax's annual survey of businesses that have claimed the Investment Tax Credit;
- (2) Reinstating the requirement that DOTax adopt rules pursuant to Chapter 91, Hawaii Revised Statutes, to implement the annual survey;
- (3) Requiring information collected through the annual survey to be reported to the Legislature 20 days prior to the convening of each regular session; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 2961, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2961, 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

ASCE 361-08

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

Bill/Resolution No.: HB 2961	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				