

Honolulu, Hawaii

March 19, 2008

RE: S.B. No. 591  
S.D. 3  
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 S.B. No. 591, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to make the Capital Goods Excise  
Tax Credit law easier to comply with by updating and restating its  
provisions.

The Department of Taxation (DOTAX) and a concerned individual  
supported the measure. The Tax Foundation of Hawaii offered  
comments.

Your Committee finds that the current Capital Goods Excise  
Tax Credit is difficult to administer as it is antiquated and  
makes reference to repealed or substantively amended chapters of  
the United States Internal Revenue Code. This measure will assist  
taxpayers and tax practitioners by restating the credit in  
accordance with the current Internal Revenue Code.

However, your Committee also notes that the bill as written  
maintains the credit at four percent of the cost of eligible  
capital goods property, whereas the general excise tax rate in  
Honolulu is now 4.5 percent. The intent and purpose of the credit  
is to refund the general excise tax on capital goods to reduce the  
burden on goods necessary for business. Your Committee therefore



humbly requests that the Committee on Finance to which this bill is next referred, consider adopting language updating the rate of the credit for Honolulu.

Your Committee has amended this bill by changing its effective date to July 1, 2034, to encourage further discussion.

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 S.B. No. 591, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 591, S.D. 3, 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,



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KYLE T. YAMASHITA, Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

1210-08

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

<b>Bill/Resolution No.:</b> SB 591, SD3	<b>Committee Referral:</b> EDB, FIN	<b>Date:</b> 3/13/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <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)				
<b>EDB Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
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.	✓			
<b>TOTAL (12)</b>	11	0	0	1
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <span style="margin-left: 150px;">committee acronym(s)</span>				
<b>Vice Chair's or designee's signature:</b> _____				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office				