

STAND. COM. REP. NO.

1057

Honolulu, Hawaii

MAR 15 2007

RE: H.B. No. 1277
H.D. 2
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 Tourism and Government Operations, to which was referred H.B. No. 1277, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to repeal the attractions and educational facilities tax credit for the Ko Olina Resort and Marina and the Makaha Resort.

Testimony in opposition was received from the Department of Business, Economic Development, and Tourism; Department of Taxation; and Office of Planning. Comments were received from the Tax Foundation of Hawaii.

According to a *Honolulu Advertiser* article of January 18, 2007, the developer of the Ko Olina Resort and Marina revealed plans to cancel the building of an aquarium financed by tax credits, as enacted by Act 100, Session Laws of Hawaii 2003, codified as section 235-110.46, Hawaii Revised Statutes. Consequently, this measure would repeal the tax credit.

Your Committee finds that the Leeward Coast of Oahu has levels of poverty in excess of twenty per cent in each of the census tracts comprising this region. This condition has existed for over forty years despite the efforts of federal, state, and county programs to alleviate the suffering or reduce the numbers of individuals and families impacted.

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Your Committee further finds that the development of Ko Olina and the continued strength of the State's visitor industry has expanded the need for affordable workforce housing and training to prepare for the State's future economic growth. Because of the success of Ko Olina, your Committee believes that the tax credits could be redesignated and used to serve and revive the Leeward Coast through affordable rental housing and visitor industry education and training opportunities within the region.

Accordingly, your Committee has amended this measure to add a Leeward Coast revitalization tax credit for affordable rental housing and educational and training facilities.

The intent of this measure, as amended, is to provide an economic stimulus to the development of the Leeward Coast, similar to the intent of Act 100, Session Laws of Hawaii 2003, which provided the Ko Olina Resort and Marina and Makaha Resort tax credit. Your Committee believes that, since the Ko Olina development has been established and plans for the aquarium have been abandoned, the revitalization of the Leeward Coast needs to be focused on affordable rental housing and educational and training projects, both of which would serve to revitalize the region and provide greater employment opportunities and a higher standard of living.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1277, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1277, H.D. 2, 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 Tourism and
Government Operations,




CLARENCE K. NISHIHARA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Tourism and Government Operations
TSG

Bill / Resolution No.:* HB 1277 HD2	Committee Referral: TSG, EDT, WAM	Date: 3-13-07		
<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
NISHIHARA, Clarence K. (C)	/			
KIM, Donna Mercado (VC)	/			
TSUTSUI, Shan S.				/
TRIMBLE, Gordon		/		
TOTAL	2	1		1
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