

Honolulu, Hawaii

MAR 14 2008

RE: H.B. No. 2540
H.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Health, to which was referred H.B. No. 2540, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to ensure the continuous availability of drinkable water in rural communities by authorizing income and general excise tax exemptions for 501(c)(12) companies that provide potable water.

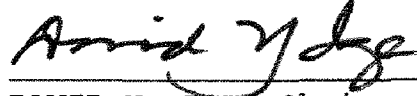
Your Committee received testimony in support of this measure from Horwath Kam and Company, Napu'u Water, Inc., and eight individuals. The Department of Taxation and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committee finds that cooperatives that are organized under 26 U.S.C. 501(c)(12) that qualify for federal income tax exemptions should also qualify for state income and general excise tax exemptions because of the purpose for which the cooperative is being operated. Further investigation into the types of exemptions that similar organizations, such as the County Board of Water Supply, receive is in progress.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2540, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.



Respectfully submitted on
behalf of the members of the
Committee on Health,




DAVID Y. IGE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2540, HDI	HTH, EDT, WAM	3/13/08		
<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 checked="" type="checkbox"/> Pass, unamended 2312	<input type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	/			
FUKUNAGA, Carol (VC)				/
BAKER, Rosalyn H.	/			
MENOR, Ron				/
WHALEN, Paul	/			
TOTAL	3	0	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency		

*Only one measure per Record of Votes