

STAND. COM. REP. NO.

3428

Honolulu, Hawaii

APR 04 2008

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

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

Madam:

Your Committee on Ways and Means, 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 provide an income tax and general excise tax exemption for certain federally tax exempt companies that provide potable water.

Your Committee received testimony supporting this measure from the Hawaii Society of Certified Public Accountants, Horwath Kam and Company, Napuu Water Inc., and two individuals. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that federally tax exempt companies that provide potable water in rural communities provide a service that would otherwise be provided by government. To support these companies, this measure provides needed state tax relief to ensure the continued operation and supply of potable water in these rural communities.

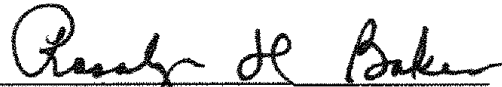
Your Committee has amended the measure by changing the effective date to upon approval and changing the applicable taxable years to begin after December 31, 2050, to ensure consideration in conference committee of potential financial and tax issues that may impact this measure.

HB2540 SD1 SSCR LRB 08-3034.doc



As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2540, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2540, H.D. 1, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,




ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>HB2540, HD1</b>	Committee Referral: <b>HTH, WAM</b>	Date: <b>4/1/08</b>		
<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
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUYE, Lorraine R.	/			
KIM, Donna Mercado	/			
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
WHALEN, Paul	/			
<b>TOTAL</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes