

STAND. COM. REP. NO.

2050

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 2088  
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 Economic Development and Taxation, to which was referred S.B. No. 2088 entitled:

"A BILL FOR AN ACT RELATING TO ADVANCED FLIGHT SIMULATOR TRAINING, "

begs leave to report as follows:

The purpose of this measure is to add businesses engaged in commercial aviation training for pilots, dispatchers, mechanics, or air traffic controllers to the definition of "qualified business" under the state enterprise zone law.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism; Honolulu Community College, and one individual. The Department of the Attorney General and the Department of Taxation submitted comments.

Your Committee finds that currently, Honolulu Community College offers both flight training and aviation mechanics training programs. While both programs have proven successful, partnering with the aviation industry would boost opportunities for expansion, both locally and internationally. This measure would provide an incentive for the private sector to make the needed investments in expensive flight training materials and equipment.

The Department of Taxation estimated revenue losses as a result of this measure to be \$400,000 for fiscal year 2009;

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\$1,200,000 for fiscal year 2010; \$400,000 for fiscal year 2011; and \$275,000 per year thereafter. The Department estimates that the construction of facilities for the aviation training would cost \$50,000,000 over three years, with \$10,000,000 incurred in the first and third years and \$30,000,000 incurred in the second year. In the fourth year and thereafter, the facility is assumed to generate \$5,000,000 in gross receipts and to increase the enterprise zone tax credit by five per cent. The general excise tax is foregone at the rate of four per cent on the construction costs and on the gross receipts from the training facility. The Department also noted that it is difficult to predict the extent of construction and gross receipts that will be generated in the enterprise zones as a result of the measure.

Your Committee also notes concerns that were raised regarding the very specific subject of the title of the measure, and the proposed amendment to section 209E-2, Hawaii Revised Statutes, which is much broader and does not accurately reflect the measure's title.

Your Committee has amended this measure to address the title-subject concern by replacing the reference to "commercial aviation" with "advanced flight simulator" in the proposed amendments to section 209E-2, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2088, S.D. 1, and be referred to the Committee on Ways and Means.


Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Taxation,

  
CAROL FUKUNAGA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:* <b>SB 2088</b>	Committee Referral: <b>EDT, WAM</b>	Date: <b>1/29/08</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				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
BAKER, Rosalyn H.	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	<b>5</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em; margin-top: 10px;">  </div>				
<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