

STAND. COM. REP. NO.

2525

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2300
S.D. 2

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. 2300, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a tax credit for teachers for professional development and training programs.

Your Committee received testimony in support of this measure from the Department of Taxation, Department of Education, and Kamehameha Schools. Comments were received from the Tax Foundation of Hawaii.

Your Committee finds that Hawaii is experiencing a drastic teacher shortage, wherein the recruitment and retention of qualified teachers is of the utmost importance to the future of our education and our State. Your Committee further finds that the provision of incentives in varying manners will help in the battle to keep and attract qualified educators in the State. This measure provides a tax credit to public school teachers for their professional development and training expenses.

The Department of Taxation stated that this measure will result in an indeterminate revenue estimate because the credit cap is unspecified. However, the Department estimated annual revenue losses based upon various scenarios of credit caps:

Credit of \$2,500

Revenue loss of \$25,000,000

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Credit of \$1,000
Credit of \$500

Revenue loss of \$10,000,000
Revenue loss of \$5,000,000

The revenue impact estimates assume that teachers will take the credit up to the maximum allowable per year. There are approximately 11,000 teachers in Hawaii. From individual school budget statements, it is estimated that ninety per cent of teachers are non-resource-teachers that would meet the seventy per cent classroom-time restriction. Thus, with 9,900 eligible teachers, with a one hundred per cent participation rate, the annual revenue cost would be (credit limit) x 9,900. For credit limits below \$2,500, the credit should fall under the tax liability of most qualified teachers, thus carry-over effects can be ignored.

Accordingly, your Committee has amended this measure by making the amount of the credit unspecified in the interests of continuing the discussion.

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. 2300, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 2300, S.D. 2.

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.:*	Committee Referral:	Date:		
<i>SB 2300, SDI</i>	<i>EDU, EDT, WAM</i>	<i>2/14/08</i>		
<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
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
BAKER, Rosalyn H.	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
TOTAL	<i>5</i>			<i>1</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Espero</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes