STAND. COM. REP. NO. 2100

Honolulu, Hawaii

FEB 0 6 2008 RE: S.B. No. 591 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. 591 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this short form bill is to amend the law relating to taxation.

Your Committee has amended this measure by deleting its contents and inserting provisions to recodify the State's capital goods excise tax credit.

Your Committee finds that S.C.R. No. 115, H.D. 1, (2007) requested the Department of Taxation (Department) to redraft the capital goods excise tax credit codified in section 235-110.7, Hawaii Revised Statutes, to remedy old references to repealed law and to incorporate the current status of the Internal Revenue Code. This request was made to assist both the Department and tax practitioners in cutting the rate of incorrectly filed claims for the capital goods excise tax credit.

The Department issued its report on December 28, 2007, and subsequently transmitted a first draft of the required legislation. Due to the short timeframe from transmittal to bill introduction, your Committee considers this measure to be a "work in progress" between the Legislature, the Department, and tax practitioners most directly affected by the provisions of the capital goods excise tax credit.

2008-0938 SSCR SMA.doc 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. 591, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 591, S.D. 1, and be recommitted to the Committee on Economic Development and Taxation, for further consideration.

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:		Da	Date:	
SB 591	EDT, WAM			2/5/08	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Pecommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)		· ·			
ESPERO, WIII (VC)					
BAKER, Rosalyn H.					,
ENGLISH, J. Kalani					
IGE, David Y.					
SLOM, Sam					
TOTAL		4			2_
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					