

STAND. COM. REP. NO.

2100

Honolulu, Hawaii

FEB 06 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the capital goods excise tax credit codified in section 235-110.7, Hawaii Revised Statutes, to remedy old references to repealed law and to incorporate the current status of the Internal Revenue Code.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.

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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



