

STAND. COM. REP. NO.

2852

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 591
S.D. 3

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 S.B. No. 591, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to update and restate the capital goods excise tax credit.

Your Committee received testimony in support of this measure from the Department of Taxation and a practicing attorney. The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that section 235-110.7, Hawaii Revised Statutes, relating to the capital goods excise tax credit, has been difficult to administer because of references to Internal Revenue Code provisions that have been repealed or substantially amended.

Although this measure repeals section 235-110.7, Hawaii Revised Statutes, the provisions and application of the capital goods tax credit are retained and codified in a new part.

Upon further consideration, your Committee has made the following amendments to the measure:

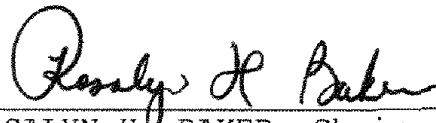
- (1) Adding a definition of "cost" to include the cost of installing acquired capital goods;



- (2) Removing in the proposed section 235-B(b), the reference to the definition of "basis" in section 235-A;
- (3) Removing references to a decrease in the business use of listed property and the basis of eligible property, respectively, with respect to the occurrence of recaptured property;
- (4) Adding a provision to the effective date section that section 3 (repeal of section 235-110.7, Hawaii Revised Statutes) shall not apply to property placed in service in Hawaii prior to January 1, 2008;
- (5) Deleting references to section 235-110.7, Hawaii Revised Statutes, throughout the Hawaii Revised Statutes; and
- (6) Making technical amendments that have no substantive effect.

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 S.B. No. 591, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 591, S.D. 3.

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.:* SB591, SD2	Committee Referral: EDT, WAM	Date: 2/25/08		
<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	/			
TOTAL	10	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> 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				

*Only one measure per Record of Votes