

STAND. COM. REP. NO. 1009

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 707  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 707, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO A NEW MARKETS TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to provide a new markets tax credit of one hundred per cent of the amount paid to a qualified community development entity located in Hawaii for a qualified equity investment, and to require the taxpayer to have received an allowance of credit under section 45D of the Internal Revenue Code, the federal new markets tax credit.

The Department of Taxation; Hawaii Science & Technology Council; Chun, Kerr, Dodd, Beaman & Wong; KUD International LLC and Phase 3 Properties; and the Tax Foundation of Hawaii provided written comments on this measure.

Your Committee finds that this measure would allow the State to benefit from the success of the federal new market tax credit program by leveraging the federal program infrastructure to channel investments towards economic development in Hawaii. In addition, it has the potential to attract capital from outside the State, to the benefit of local development activities.

Your Committee has amended this measure by:

- (1) Clarifying that the investment shall be made through a qualified community development entity that has received

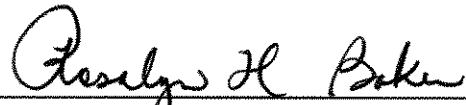


an allocation of credit under section 45D of the Internal Revenue Code; and

- (2) Making technical amendments for the purposes of clarity and consistency.

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. 707, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 707, S.D. 2.

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.:*	Committee Referral:	Date:		
SB 707 SDI	EDT, WAM	2/28/07		
<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.	/			
KIM, Donna Mercado	/			
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
WHALEN, Paul				/
<b>TOTAL</b>	10	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

\*Only one measure per Record of Votes