

STAND. COM. REP. NO.

81

Honolulu, Hawaii

FEB 08 2007

RE: S.B. No. 808
S.D. 1

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

Madam:

Your Committee on Intergovernmental and Military Affairs, to which was referred S.B. No. 808 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a five per cent income tax credit for Hawaii employers that hire State residents who are members of the Hawaii National Guard. It also establishes that the maximum tax credit per Hawaii National Guard employee shall be \$1,000.

Testimony in support of this measure was submitted by the State of Hawaii Department of Defense, the Hawaii National Guard Association, the Hawaii National Guard Enlisted Association, the National Guard Association of Hawaii Insurance Trust, and the Chamber of Commerce of Hawaii.

Comments were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that as our nation continues its war on terrorism, many of our citizen soldiers and airmen will be called to active military duty to deploy. To this end, this measure provides an incentive for employers to hire and continue to employ members of the Hawaii National Guard. It also serves as a key recruitment and retention incentive and, at the same time, demonstrates that the State of Hawaii truly cares and supports its National Guard.

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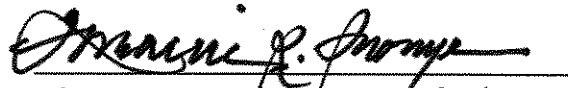


Your Committee further finds that the terms employer and taxpayer are used interchangeably throughout this measure. In order to alleviate any confusion regarding these terms, your Committee has replaced the term, "employer" with "taxpayer."

The Department of Taxation testified that, if this measure is enacted, the estimated revenue loss would be approximately \$5,000,000 annually. No methodology on how the amount was calculated was provided.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 808, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 808, S.D. 1, and be referred to the Committee on Economic Development and Taxation.


Respectfully submitted on
behalf of the members of the
Committee on Intergovernmental
and Military Affairs,


LORRAINE R. INOUE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Intergovernmental and Military Affairs
IGM

Bill / Resolution No.:* SB 808	Committee Referral: IGM, EDT, WAM	Date: 2/5/07		
<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
INOUE, Lorraine R. (C)	/			
TSUTSUI, Shan S. (VC)	/			
HEMMINGS, Fred				/
TOTAL	2			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