

STAND. COM. REP. NO.

706

Honolulu, Hawaii

MAR 01 2007

RE: S.B. No. 898
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 Ways and Means, to which was referred S.B. No. 898, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY TAX INCENTIVES,"

begs leave to report as follows:

The purpose of this measure is to require the Department of Taxation to report annually on qualified high technology businesses and related tax incentives to properly evaluate their effectiveness.

Your Committee received written comments in support of this measure from the High Technology Development Corporation and the Department of Taxation. Written comments were received from the Tax Foundation of Hawaii.

Your Committee finds that high technology tax credits can provide incentives vital to the continued growth of Hawaii's technology and innovation industries. However, in its 2005-2007 report, the Tax Review Commission stated that due to a lack of current data, definitive results could not be calculated for the high technology business investment tax credit, one of the credits currently offered by the State. While the information is being filed with the Department of Taxation, and could be made available to enable the Tax Review Commission to evaluate and report on the effectiveness of the high tech tax incentives, the lack of resources has made it difficult to collect the available data from the records of the Department of Taxation.

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It is the intent of your Committee to provide for greater transparency and evaluation of high technology tax incentives as a means of ensuring that the credits meet their intended outcomes.

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. 898, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



