

STAND. COM. REP. NO. 1608

Honolulu, Hawaii

Apr: 19, 2009

RE: S.B. No. 199  
S.D. 1  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 199, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to address the current fiscal crisis and minimize revenue losses to the State by repealing all income tax credits for taxable years beginning after December 31, 2010.

A concerned individual supported this bill. ProVision Technologies, Inc., Archinoetics, LLC, Hawaii Science & Technology Council, Oceanit, and several concerned individuals opposed this measure. The Department of Taxation; Department of Business, Economic Development, and Tourism; Department of Agriculture; Hawaii Housing Finance and Development Corporation; Honolulu Film Office; Maui County Film Commissioner; Hawaii Film and Entertainment Board; Tax Foundation of Hawaii; Hawaii Farm Bureau Federation; EAH Housing; Alexander & Baldwin, Inc.; Hawaiian Commercial & Sugar Company; Hawaii BioEnergy; Hawaii Association of REALTORS; Pacific West Energy LLC; Kauai Ethanol LLC; G&R AgEnergy LLC; Hawaii Solar Energy Association; Inter-Island Solar Supply; Mutual Housing Association of Hawaii; Hawaii PV Coalition; and Green Power Projects LLC submitted comments.

SB199 HD1 HSCR FIN HMS 2009-3701



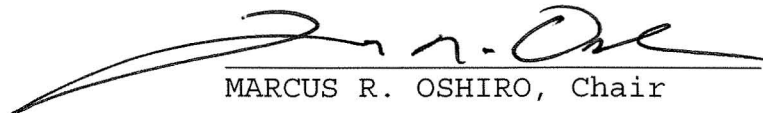
Your Committee has amended this measure by deleting its contents and inserting the substance of House Bill No. 1583, H.D. 1, Regular Session of 2009, which limits claims for business tax credits, for taxable years beginning January 1, 2009, and ending before January 1, 2011, to 75 percent of the taxpayer's tax liability for the taxable year in which the credit is claimed. As amended, this measure also, among other things:

- (1) Prohibits tax credit carryovers into subsequent taxable years of any business credit generated between January 1, 2009, and December 31, 2010;
- (2) Applies to tax credits under the Income Tax Law, Public Service Company Tax Law, Taxation of Banks and Other Financial Corporations Law, and the Insurance Code; and
- (3) Includes a list of tax credits that are exempt from the limitations provided for in this measure.

Technical, nonsubstantive amendments were also made to this measure, as amended, for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 199, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 199, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



MARCUS R. OSHIRO, Chair



