

STAND. COM. REP. NO.

553

Honolulu, Hawaii

Feb 20, 2009

RE: H.B. No. 1309
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 Economic Revitalization, Business, &
Military Affairs, to which was referred H.B. No. 1309 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYEE INCREASE TAX CREDIT,"

begs leave to report as follows:

The purpose of this bill is to provide an incentive for
employers to increase their employee count by establishing a tax
credit for employers who increase their employee count over the
previous year that is equal to:

- (1) Forty percent of the employee's wages, up to \$8,500, for
employees retained for over 400 hundred hours; and
- (2) Twenty-five percent of the employee's wages, up to
\$8,500, for employees retained for 120 hours but less
than 400 hours.

The Chamber of Commerce of Hawaii and the Hawaii Restaurant
Association supported this bill. The Department of Taxation
opposed this bill. The Tax Foundation of Hawaii commented on this
measure.

Your Committee has amended this measure by:

- (1) Restricting the credit to full-time employees who are
retained by the employer for at least 1,800 hours;

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- (2) Striking out the specific amount of the maximum tax credit that may be claimed for each employee;
- (3) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

Your Committee respectfully requests that the Committee on Finance, to which this measure is next referred, examine issues relating to criteria for, and the amount of, the credit in light of current financial constraints and conditions.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1309, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization, Business, &
Military Affairs,



ANGUS L.K. MCKELVEY, Chair



