

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 1907

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1907 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to temporarily suspend the income tax net operating loss carryback deduction for losses generated in 2009 and 2010.

The Hawaii State Teachers Association testified in support of this measure. The Hawaii Bankers Association opposed this measure. The Department of Taxation and the Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by, among other things:

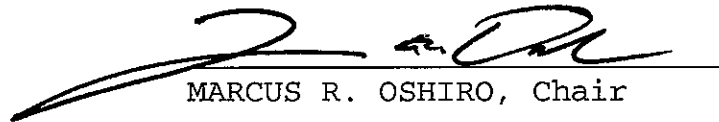
- (1) Inserting provisions placing a temporary, ending December 31, 2015, cap on itemized deductions claimed on state income tax returns and making the cap applicable to taxable years beginning after December 31, 2009;
- (2) Inserting provisions that remove the refunding feature of the Capital Goods Excise Tax Credit from January 1, 2010, to December 31, 2015;
- (3) Changing the effective date to July 1, 2020, to encourage further discussion; and



- (4) Making technical, nonsubstantive changes 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 H.B. No. 1907, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1907, 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



