

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 2867
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. 2867 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to increase state tax revenues by temporarily repealing various income tax deductions, exclusions, exemptions, and tax credits until December 31, 2015.

The Policy Advisory Board for Elder Affairs testified in support of this bill. The Hawaii Public Housing Authority; High Technology Development Corporation; Hawaii Food Industry Association; Pacific West Energy LLC; Hawaii Energy Policy Forum; Hawaii Animation Studios; Hawaii Venture Capital Association; EAH Housing; Island Film Group; Convergence CT, Inc.; and several concerned individuals opposed this measure. The Department of Taxation; Department of Business, Economic Development, and Tourism; Hawaii Housing Finance and Development Corporation; Department of Agriculture; Department of Community Services of the City and County of Honolulu; Hawaii Film and Entertainment Board; Hawaii Strategic Development Corporation; Tax Foundation of Hawaii; Hawaii Farm Bureau Federation; Alexander & Baldwin, Inc.; Hawaii Solar Energy Association; The Chamber of Commerce of Hawaii; Entertainment Software Association; Hawaii BioEnergy; The Mutual Housing Association of Hawaii, Inc.; Pacific Housing Advisors; PacifiCap Group; and a concerned individual provided comments.

HB2867 HD1 HSCR FIN HMS 2010-2213



Your Committee has amended this bill by deleting its contents and replacing them with provisions that; among other things:

- (1) Limit business credit claims to 80 percent of a taxpayer's tax liability for the taxable year in which the credit is claimed for taxable years beginning on or after January 1, 2010, and ending before January 1, 2012; and
- (2) Prohibit a credit carryover of any business credit generated between January 1, 2010, and December 31, 2011.

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. 2867, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2867, 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



