

STAND. COM. REP. NO. 413

Honolulu, Hawaii

Feb 19, 2009

RE: H.B. No. 699

H.D. 2

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. 699, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this bill is to encourage investment into businesses that perform research that benefits children and the elderly with acute health problems, rural health care, and disease prevention, by establishing a tax credit of ten percent of costs related to this research.

The Department of Taxation (DoTax) opposed this bill. The Tax Foundation of Hawaii commented on this measure.

Your Committee appreciates DoTax's concerns regarding the lack of parameters for the costs that qualify for the credit under this bill. However, the areas of medical research targeted by this credit are in growing sectors of our economy, and that growth should be nurtured and encouraged by the State. Accordingly, to allow further discussion and refinement of this bill, your Committee has changed its effective date to July 1, 2112. A technical, nonsubstantive amendment has also been made for clarity.



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. 699, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 699, H.D. 2.

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



ANGUS L.K. MCKELVEY, Chair



