

STAND. COM. REP. NO.

602

Honolulu, Hawaii

Feb 20, 2009

RE: H.B. No. 898

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. 898 entitled:

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

begs leave to report as follows:

The purpose of this bill is to reduce traffic congestion on
Hawaii's roadways by establishing a Telecommuting Income Tax
Credit (Tax Credit) applicable to:

- (1) Eligible telecommute expenses incurred by employers,
allowing telecommuting to occur; and
- (2) The cost incurred by employers in conducting a
telecommute assessment needed to implement a telecommute
program that would qualify for the Tax Credit.

This bill also establishes limits on the amount of the Tax
Credit that may be claimed by the employer and on the aggregate
amount of Tax Credits approved in a calendar year.

The Chamber of Commerce of Hawaii supported this bill. The
Department of Taxation opposed this measure. Tax Foundation of
Hawaii submitted comments.

Your Committee finds that telecommuting offers numerous
benefits for employers and employees alike, as well as for the
environment and the state's infrastructure. This measure will

HB898 HD1 HSCR EBM HMS 2009-2358



allow companies facing increasing rents and other costs to downsize their physical presence while retaining employees. The Honolulu Star-Bulletin recently published an opinion piece recognizing the benefits of telecommuting, and indicated that studies have shown better workforce productivity and improved employee retention and job satisfaction.

To encourage further discussion on this matter, your Committee has amended this measure by changing:

- (1) The amount of the Tax Credit available to employers for eligible telecommute expenses incurred to unspecified amounts;
- (2) The amount of the Tax Credit available to employers for the costs incurred in conducting a telecommute assessment to an unspecified amount;
- (3) The limits on the amount of the Tax Credit that may be claimed by the employer and on the aggregate amount of Tax Credits approved in a calendar year to unspecified amounts; and
- (4) Changing its effective date to July 1, 2112.

Other technical, nonsubstantive amendments were made for style, clarity, and consistency.

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. 898, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 898, 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



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

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Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

Bill/Resolution No.: HB 898	Committee Referral: EBM, FIN	Date: 02/19/09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. BERG, Lyla B.		✓		
4. EVANS, Cindy	✓			
5. MANAHAN, Joey	✓			
6. TAKAI, K. Mark				
7. TOKIOKA, James Kunane	✓			
8. TSUJI, Clift	✓			
9. WAKAI, Glenn	✓			
10. WOOLEY, Jessica	✓			
11. WARD, Gene	✓			
TOTAL (11)	9	1		
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: Isaac W. Choy				
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