

Honolulu, Hawaii

April 1, 2010

RE: S.B. No. 2401  
S.D. 1  
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 S.B. No. 2401, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE FINANCES,"

begs leave to report as follows:

The purpose of this bill, as received by your Committee, is to clarify the role of the Director of Finance with respect to maintaining books and records.

Your Committee has replaced the provisions of this bill with provisions that temporarily suspend the ability of a taxpayer to claim the Technology Infrastructure Renovation and High Technology Business Investment Tax Credits. More specifically, the amended bill prohibits the tax liability of a taxpayer for taxable years beginning in 2010, 2011, and 2012 from being reduced by those credits. The provision applies to a taxpayer under the income tax, bank and financial corporation tax, and insurance premium tax laws. The bill, as amended, is conceptually similar to House Bill No. 2962, H.D. 1, which was previously passed by the House.

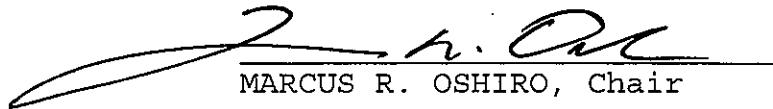
Your Committee finds that this amendment is necessary to generate more revenues to fund services essential to the public. It is intended to generate the revenues from persons who may be better able to afford to pay the additional taxes than low- or moderate-income persons.



Your Committee emphasizes that the House Draft 1 (HD1) of this bill is one of a variety of revenue enhancement measures that are targeted, rather than broad-based. The HD1 is intended to avoid placing the major burden on ordinary residents and businesses. In its budget and other actions, your Committee has sought to fund services essential for public health, welfare, and education yet minimize the impact on the general public and economic recovery. The House has made many difficult decisions, after much hard work, to achieve this balance. The HD1 is one result of these difficult decisions.

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 S.B. No. 2401, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2401, S.D. 1, 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



Record of Votes of the Committee on Finance

<b>Bill/Resolution No.:</b> SB 2401 SD 1	<b>Committee Referral:</b> FIN	<b>Date:</b> 3/30/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. AWANA, Karen Leinani	✓			
5. BROWER, Tom	✓			
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.	✓			
9. KEITH-AGARAN, Gilbert S.C.	✓			
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III	✓			
13. TOKIOKA, James Kunane	✓			
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. FINNEGAN, Lynn		✓		
17. WARD, Gene			✓	
<b>TOTAL (17)</b>	15	1	1	0
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
<b>Vice Chair's or designee's signature:</b> _____ <div style="text-align: center; font-family: cursive; font-size: 1.2em;">Marilyn B. Lee</div>				
<b>Distribution:</b> Original (White) – Committee           Duplicate (Yellow) – Chief Clerk's Office           Duplicate (Pink) – HMSO				