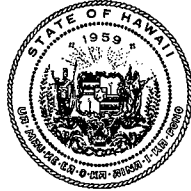


LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



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LATE

**SENATE COMMITTEE ON WAYS & MEANS
TESTIMONY REGARDING HB 2984 HD 2 SD 1
RELATING TO TAX CREDITS**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: MARCH 29, 2010

TIME: 9:30AM

ROOM: 211

As amended, this measure extends the tax credit for research activities until 2011, assuming that one of two measures, or both, passes both houses of the legislature. The two bills referenced as conditions precedent to enactment are either implementation of the Streamlined Sales & Use Tax Project (HB 2962) or increasing the general excise tax by 1% (HB 2877).

The Department of Taxation (Department) **opposes** this bill because **it is premature to speculate what the final version of either HB 2877 or HB 2962 will look like** after it has had the opportunity to be amended by the Senate Ways & Means Committee.

The Department **opposes both the Streamlined Sales & Use Tax Project measure, as well as any measure to increase the general excise tax.** The Department will not support this measure, which is contingent upon either or both passing. The Governor has proposed a balanced budget without either measure. This measure should be held.