

STAND. COM. REP. NO.

498

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 475
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 475 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to assist in reducing the cost of doing business in this State by establishing a temporary tax credit for manufacturing and export industries.

The Department of Taxation testified in support of the intent of the measure. The Tax Foundation of Hawaii commented on the measure.

Your Committee finds that this measure grants preferential tax treatment to a very select group of taxpayers. Your Committee also notes the concerns raised by the Department of Taxation regarding potential constitutional issues that could be created by applying the tax credit only to "domestic" entities.

Your Committee has amended this measure by:

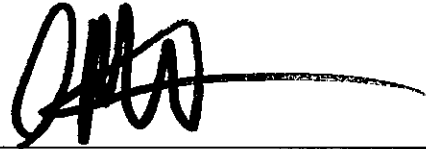
- (1) Deleting the requirement that the taxpayer claiming the credit be a domestic entity;
- (2) Deleting the requirement that sources of the taxpayer's operating or manufacturing costs be domiciled in the State;



- (3) Changing the effective date to July 1, 2112, to facilitate further discussion on the measure; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 475, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 475, 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,



ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCE 498

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: <i>HB 475</i>	Committee Referral: <i>ERB, FIN</i>	Date: <i>2/15/11</i>		
<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)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	<input checked="" type="checkbox"/>			
2. CHOY, Isaac W. (VC)	<input checked="" type="checkbox"/>			
3. AWANA, Karen L.	<input checked="" type="checkbox"/>			
4. BROWER, Tom	<input checked="" type="checkbox"/>			
5. EVANS, Cindy				<input checked="" type="checkbox"/>
6. HASHEM, Mark J.	<input checked="" type="checkbox"/>			
7. NISHIMOTO, Scott Y.	<input checked="" type="checkbox"/>			
8. TOKIOKA, James Kunane	<input checked="" type="checkbox"/>			
9. TSUJI, Clift	<input checked="" type="checkbox"/>			
10. MARUMOTO, Barbara C.	<input checked="" type="checkbox"/>			
11. PINE, Kymberly Marcos				<input checked="" type="checkbox"/>
TOTAL (11)	<i>9</i>	<i>0</i>	<i>0</i>	<i>2</i>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <i>Isaac W. Choy</i>				
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