

STAND. COM. REP. NO. 867

Honolulu, Hawaii

March 8, 2011

RE: H.B. No. 983
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 983, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII STRATEGIC DEVELOPMENT CORPORATION,"

begs leave to report as follows:

The purpose of this bill is to authorize the Hawaii Strategic Development Corporation (HSDC) to transfer tax credits issued by the State to transferees that may use the tax credits to reduce their tax liabilities under the income tax, banks and financial institutions tax, or insurance tax laws.

HSDC; High Technology Development Corporation; Hawaii Angels, Skai Technologies, LLC; Cellular Bioengineering, Inc.; Oceanit; and a concerned individual supported this bill. The Department of Taxation (DOTAX) and Tax Foundation of Hawaii submitted comments.

Your Committee has amended this measure by:

- (1) Requiring HSDC to comply with best practices standards, and to meet specific requirements and comply with certain limitations relating to the investment of moneys raised or arranged by HSDC pursuant to this measure;
- (2) Requiring HSDC, in conjunction with DOTAX, to monitor the transfer of tax credits provided for in this measure and submit an annual report to the Legislature;

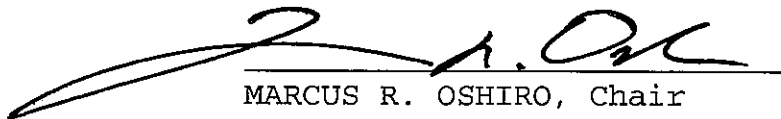
HB983 HD2 HSCR FIN HMS 2011-2740



- (3) Deleting the provision that stipulates that any unsold tax credits shall expire at the end of the calendar year in which they are issued;
- (4) Changing the limit on the total amount of tax credits that may be issued under this measure from \$100,000,000 to an unspecified amount to encourage further discussion;
- (5) Changing the limit on the total amount of tax credits that may be issued each fiscal year from \$20,000,000 to an unspecified amount to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for style, clarity, and consistency.

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 H.B. No. 983, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 983, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



