

Honolulu, Hawaii

March 2, 2012

RE: H.B. No. 2326

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2326 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the:

- (1) Energy income tax credit;
- (2) Renewable energy technology tax credit;
- (3) Ethanol facility tax credit;
- (4) Attractions and educational facilities tax credit;
- (5) Capital goods excise tax credit; and
- (6) Low-income housing tax credit,

to provide that the basis of eligible property for depreciation of accelerated cost recovery system purposes for state income taxes shall be reduced by the amount of the tax credit allowable and claimed.

The Department of Taxation, the Tax Foundation of Hawaii, Hawaii PV Coalition, and the Hawaii Association of REALTORS commented on this measure.

HB2326 HD1 HSCR FIN HMS 2012-2576

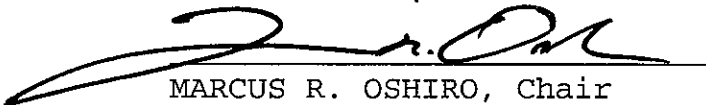


Your Committee has amended this measure by:

- (1) Deleting the requirement that the basis of eligible depreciable property for state income tax purposes shall be reduced by the amount of the low-income housing tax credit claimed; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 2326, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2326, H.D. 1.

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


MARCUS R. OSHIRO, Chair



