

Honolulu, Hawaii

Feb 7, 2011

RE: H.B. No. 802

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 802 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to increase State revenue by temporarily increasing from January 1, 2011, to December 31, 2015, the tax rate on banks and other financial corporations from:

- (1) 7.92 percent to 8.32 percent on Entire Net Income; and
- (2) Four percent to 4.2 percent on the net capital gain component of the Alternate Tax.

The Hawaii Bankers Association and Hawaii Financial Services Association opposed this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 802 and recommends that it pass Second Reading and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



