

STAND. COM. REP. NO. 351

Honolulu, Hawaii
Feb 16, 2011

RE: H.B. No. 962
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. 962 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill as received by your Committee is to exempt new businesses from the income tax.

Prior to the hearing, your Committee circulated a proposed draft of this bill that replaced its substance with provisions to conform state income tax law with section 179 of the Internal Revenue Code relating to the expensing of certain depreciable business assets. More specifically, the proposed draft deletes provisions in the state income tax law that list exceptions to the applicability of section 179.

The Department of Taxation (DOTAX) and the Tax Foundation of Hawaii submitted comments on the proposed draft of this bill.

Your Committee notes the concerns raised by DOTAX regarding the revenue impact of the proposed draft and respectfully requests your Committee on Finance to review this issue as this bill moves forward in the legislative process.

Your Committee has amended this measure as received by your Committee by:

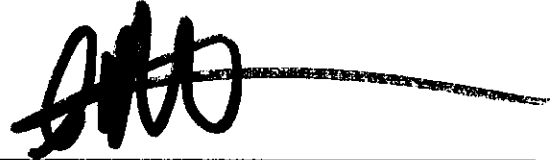
HB962 HD1 HSCR ERB HMS 2011-2030



- (1) Deleting its contents and adopting the provisions in the proposed draft circulated prior to the public hearing; and
- (2) Inserting an effective date of July 1, 2112, to encourage further discussion.

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. 962, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 962, 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

HSC 351

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: HB 962	Committee Referral: ERB, FIN	Date: 2/8/11		
<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)	/			
2. CHOY, Isaac W. (VC)	/			
3. AWANA, Karen L.	/			
4. BROWER, Tom	/			
5. EVANS, Cindy	/			
6. HASHEM, Mark J.	/			
7. NISHIMOTO, Scott Y.	/			
8. TOKIOKA, James Kunane	/			
9. TSUJI, Clift	/			
10. MARUMOTO, Barbara C.	/			
11. PINE, Kymerly Marcos	/			
TOTAL (11)	11	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				