

Honolulu, Hawaii  
February 14, 2014

RE: H.B. No. 2614  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2614 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to stimulate economic growth for the State and continue to develop the State's emerging aerospace sector by promoting the development of spacecraft launching capability through the provision of:

- (1) A general excise tax credit for amounts received for the construction of a space launch facility in Hawaii; and
- (2) A use tax exemption for the use of materials, parts, or tools imported or purchased for the construction of a space launch facility in Hawaii.

The Department of Transportation, Hawaii Island Economic Development Board, International Ventures Associates, and a concerned individual testified in support of this measure. The Department of Business, Economic Development, and Tourism supported the intent of this bill. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Hawaii's unique mid-Pacific, near-equatorial location, diverse technological assets, resident technological expertise, and strategic ties with space-faring nations from around the Asia-



Pacific region uniquely qualify our State as a premier, cost-effective, and globally competitive site for launching next-generation commercial spacecraft that will carry satellites, experimental payloads, and people into space. These operations would help expand Hawaii's role as a major contributor to, and beneficiary of, global space enterprise. Developing space launch facilities in Hawaii would position Hawaii as a leader in the emerging and economically lucrative commercial space transportation sector and in turn help to diversify and strengthen Hawaii's economy.

Your Committee notes that, according to the Department of Business, Economic Development, and Tourism, studies have been conducted regarding the aerospace industry in Hawaii and the establishment of a commercial spaceport on the Island of Hawaii. The Department also noted that it is currently conducting environmental assessment studies required to apply for a commercial spaceport operator's license from the Federal Aviation Administration which will enable "spaceplanes" to operate out of Hawaii airports, in particular, Kona International Airport. These studies should be reviewed as deliberations on this measure continue.

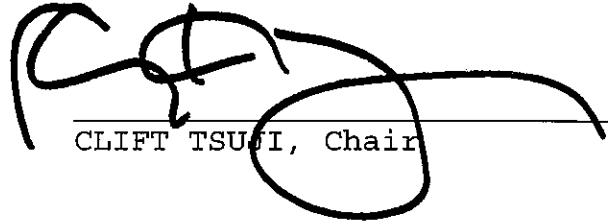
Your Committee has amended this measure by:

- (1) Changing its effective date to January 20, 2050, to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2614, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2614, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



CLIFT TSUJI, Chair



State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

HSCR 422-14

**Record of Votes of the Committee on Economic Development & Business**

Bill/Resolution No.: <b>HB 2614</b>	Committee Referral: <b>EDB, FIN</b>	Date: <b>2/11/14</b>		
<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)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	/			
2. WARD, Gene (VC)	/			
3. AWANA, Karen	/			
4. BROWER, Tom	/			
5. CACHOLA, Romy M.				/
6. ITO, Ken	/			
7. CHOY, Isaac W.	/			
8. OHNO, Takashi	/			
9. ONISHI, Richard H.K.	/			
10. TOKIOKA, James Kunane	/			
11. WOOLEY, Jessica	/			
<b>TOTAL (11)</b>	<b>10</b>			<b>1</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral _____ committee acronym(s) _____ did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				