

Honolulu, Hawaii
February 28, 2014

RE: H.B. No. 2626
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 2626, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to promote manufacturing in the State by establishing a temporary nonrefundable income tax credit for qualified manufacturing costs incurred by a taxpayer.

The Hawaii Food Industry Association; KYD, Inc.; and Meadow Gold Dairies testified in support of this measure. The Department of Taxation; Department of Business, Economic Development and Tourism; High Technology Development Corporation; Hawaii Strategic Development Corporation; Tax Foundation of Hawaii; and Chamber of Commerce Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Changing the income tax credit claimable for qualified manufacturing costs from a refundable to nonrefundable tax credit; and
- (2) Making technical, nonsubstantive amendments for 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. 2626, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2626, H.D. 2.

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



SYLVIA LUKE, Chair



