

STAND. COM. REP. NO. **3280**

Honolulu, Hawaii

APR 03 2014

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

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2626, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to promote manufacturing in the State by temporarily establishing a nonrefundable income tax credit for taxpayers who incur certain expenses for manufacturing products in Hawaii.

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism, High Technology Development Corporation, The Chamber of Commerce of Hawaii, Hawaii Farm Bureau Federation, KYD, Inc., and Meadow Gold Dairies. The Department of Taxation, Hawaii Strategic Development Corporation, and Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that there is a need for Hawaii to develop and support its manufacturing industry. This is evidenced by the fact that Hawaii imports over ninety per cent of the products consumed in the State each year. Your Committee also finds that there is a great demand outside the State for products that are made in Hawaii. Your Committee believes that this measure will assist in the development of manufacturing in Hawaii.

Your Committee has amended this measure by:

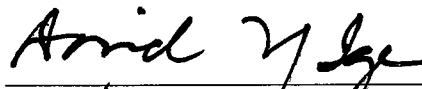
HB2626 SD2 SSCR LRB 14-2347.doc



- (1) Requiring that a taxpayer who claims the tax credit, for purchasing equipment used to manufacture tangible personal property in the State, place the equipment into service within one year after the date of purchase;
- (2) Clarifying that the tax credit may not be claimed for the purchase of equipment for which another taxpayer in the State has previously claimed the tax credit;
- (3) Excluding, from the tax credit, costs related to electricity production;
- (4) Appropriating funds to the Department of Business, Economic Development, and Tourism to administer the certification of claims for the tax credit; and
- (5) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2626, H.D. 2, S.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, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 2626, HD2, SD1	Committee Referral: EGH, WAM	Date: 3-28-14		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes