

Honolulu, Hawaii

APR 10 2015

RE: H.B. No. 1167
H.D. 1
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1167, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE CAPITAL INFRASTRUCTURE TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the capital infrastructure tax credit.

Specifically, this measure:

- (1) Expands the definition of "capital infrastructure costs" to include capital expenditures in addition to those for real property and fixtures;
- (2) Increases the maximum amount of capital infrastructure tax credits that may be issued to a qualified infrastructure tenant in any taxable year from \$1,250,000 to \$2,500,000;
- (3) Requires a qualified infrastructure tenant to expend \$40,000,000 within a taxable year before being eligible for the capital infrastructure tax credit;
- (4) Authorizes any capital infrastructure costs that would result in a tax credit in excess of \$2,500,000 to be



applied to generate the tax credit in subsequent tax years;

- (5) Recaptures the tax credit if the qualified infrastructure tenant fails to relocate from the former Kapalama Military Reservation site to another location within an unspecified amount of time following the execution of a lease with the Department of Transportation;
- (6) Prohibits the generation of capital infrastructure tax credits after December 31, 2019; and
- (7) Requires a taxpayer claiming a capital infrastructure tax credit to submit information regarding the tax credit to the Legislature.

Your Committee received written comments in support of this measure from The Chamber of Commerce Hawaii, Navatek, Ltd., Pacific Shipyards International, and forty individuals. Your Committee received written comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that this measure will provide a tax credit for capital infrastructure investments made by tenants who are being displaced by the Kapalama Military Reservation harbor improvement project. These tenants will have to make significant investments to relocate their companies and make capital improvements at their new locations. Your Committee further finds that, in addition to assisting these tenants, this measure will benefit maritime commerce in Hawaii by encouraging infrastructure improvements on harbor properties.

Your Committee has amended this measure by changing the effective date to July 1, 2053, to facilitate further discussion.

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. 1167, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1167, H.D. 1, S.D. 2.



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

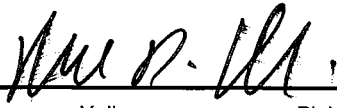


JILL N. TOKUDA, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB1167 HDI SDI	Committee Referral: EDT, WAM	Date: 4-8-15		
<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
TOKUDA, Jill N. (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood				✓
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.	✓			
RIVIERE, Gil	✓			
RUDERMAN, Russell E.				✓
SLOM, Sam	✓			
TOTAL	9	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes