

STAND. COM. REP. NO. 376-16

Honolulu, Hawaii
February 17, 2016

RE: H.B. No. 2028
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committees on Water & Land and Energy & Environmental Protection, to which was referred H.B. No. 2028 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Exempt personal income tax income, general excise tax income, and use tax income in an amount up to an unspecified percentage of the costs of construction and operation of projects entered into under a public-private partnership with the Employees' Retirement System to improve water infrastructure or water supply, or to promote clean energy; and
- (2) Authorize the Employees' Retirement System to invest in such projects.

An individual provided testimony in support of this measure. The Department of Taxation, Employees' Retirement System, and Tax Foundation of Hawaii provided comments.

Your Committees have amended this measure by:

- (1) Defining "direct costs of construction and operation";
- (2) Inserting a certification mechanism for the amount excluded from income;

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- (3) Deleting the exemption for use tax income;
- (4) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (5) Making technical nonsubstantive amendments for the purposes of style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Water & Land and Energy & Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2028, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2028, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Water & Land and
Energy & Environmental
Protection,



CHRIS LEE, Chair



RYAN I. YAMANE, Chair



