STAND. COM. REP. NO. 76-16

Honolulu, Hawaii Febboam [7 , 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 publicprivate 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:

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

- (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

## State of Hawaii House of Representatives The Twenty-eighth Legislature

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## Record of Votes of the Committee on Water & Land

| Bill/Resolution No.: Committee HB2028 WAL   | Referral: | Date      | 2-8- | 2016    |  |  |
|---|-----------|-----------|------|---------|--|--|
| ☐ The committee is reconsidering its previous decision on the measure.  |           |           |      |         |  |  |
| The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  Pass short form bill with HD to recommit for future public hearing (recommit) |           |           |      |         |  |  |
| WAL Members   | Ayes      | Ayes (WR) | Nays | Excused |  |  |
| 1. YAMANE, Ryan I. (C)  | V         |           |      |         |  |  |
| 2. CULLEN, Ty J.K. (VC)   |           |           |      |         |  |  |
| 3. EVANS, Cindy   |           |           |      |         |  |  |
| 4. ING, Kaniela   |           |           |      |         |  |  |
| 5. LEE, Chris   |           |           | •    |         |  |  |
| 6. LOWEN, Nicole E.   |           |           |      |         |  |  |
| 7. NISHIMOTO, Scott Y.  |           |           |      |         |  |  |
| 8. SAY, Calvin K.Y.   |           |           |      |         |  |  |
| 9. POUHA, Feki  |           |           |      |         |  |  |
| 10. THIELEN, Cynthia  |           |           |      |         |  |  |
|   |           |           |      |         |  |  |
|   |           |           |      |         |  |  |
|   |           |           |      |         |  |  |
|   | <u> </u>  |           |      |         |  |  |
|   |           |           |      |         |  |  |
| TOTAL (10)  | 9         | Ø         | Ø    | 7       |  |  |
| The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)   |           |           |      |         |  |  |
| Vice Chair's or designee's signature:   |           |           |      |         |  |  |
| Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO  |           |           |      |         |  |  |

## State of Hawaii House of Representatives The Twenty-eighth Legislature

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## Record of Votes of the Committee on Energy & Environmental Protection

| Bill/Resolution No.: HB 2028  | Committee Referral:<br>WAL/EEP, FIN | Date:     | 2/8/16 |         |  |  |
|---|-------------------------------------|-----------|--------|---------|--|--|
| ☐ The committee is reconsidering its previous decision on the measure.  |                                     |           |        |         |  |  |
| The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  Pass short form bill with HD to recommit for future public hearing (recommit) |                                     |           |        |         |  |  |
| EEP Members   | Ayes                                | Ayes (WR) | Nays   | Excused |  |  |
| 1. LEE, Chris (C)   | <b>V</b>                            |           |        |         |  |  |
| 2. LOWEN, Nicole E. (VC)  |                                     |           |        |         |  |  |
| 3. CULLEN, Ty J.K.  |                                     |           |        |         |  |  |
| 4. EVANS, Cindy   |                                     |           |        |         |  |  |
| 5. ING, Kaniela   | V                                   |           |        |         |  |  |
| 6. NISHIMOTO, Scott Y.  |                                     |           |        |         |  |  |
| 7. SAY, Calvin K.Y.   |                                     |           |        |         |  |  |
| 8. YAMANE, Ryan I.  |                                     |           |        |         |  |  |
| 9. POUHA, Feki  |                                     |           |        |         |  |  |
| 10. THIELEN, Cynthia  |                                     |           |        |         |  |  |
|   |                                     |           |        |         |  |  |
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|   |                                     | -         |        |         |  |  |
| TOTAL (10)  | 9                                   | (/)       | ch     | i       |  |  |
| The recommendation is:    The recommendation is:  |                                     |           |        |         |  |  |
| Vice Chair's or designee's signature: Miole E. Foulen   |                                     |           |        |         |  |  |
| Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO  |                                     |           |        |         |  |  |