

STAND. COM. REP. NO. **2025**

Honolulu, Hawaii

FEB 05 2016

RE: S.B. No. 2502

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 2502 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Exempt personal income tax income and general excise and use taxes 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 make investments in such public-private partnerships.

Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Employees' Retirement System.

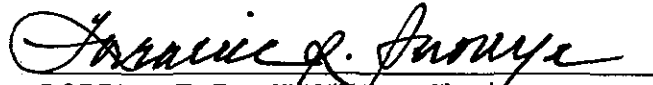
Your Committee finds that this measure creates a general excise tax exemption for income received from certain public-private partnership contracts entered into with the Employees' Retirement System. This measure also creates similar incentives under the income tax law and use tax law.



Your Committee believes that the formation of public-private partnerships should be encouraged in order to stimulate the state economy, allow state departments and agencies to obtain expertise from the private sector, and provide infrastructure support and more clean energy services to the public.

As affirmed by the record of votes of the members of your Committee on Transportation and Energy that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2502 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.


Respectfully submitted on  
behalf of the members of the  
Committee on Transportation and  
Energy,

  
LORRAINE R. INOUE, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Transportation and Energy**  
**TRE**

Bill / Resolution No.:* <b>SB 2502</b>	Committee Referral: <b>TRE, WAM</b>	Date: <b>02-02-16</b>		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
INOUE, Lorraine R. (C)	✓			
GABBARD, Mike (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
ENGLISH, J. Kalani	✓			
KIDANI, Michelle N.	✓			
NISHIHARA, Clarence K.	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>6</b>	<b>—</b>	<b>—</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:                      Original      Yellow      Pink      Goldenrod File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy				

\*Only one measure per Record of Votes