

Honolulu, Hawaii

FEB 15 2017

RE: S.B. No. 678
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 678 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:

- (1) Include structures, machinery, equipment, and capital assets in the definition of capital infrastructure costs for purposes of the capital infrastructure tax credit;
- (2) Set a new maximum amount of capital infrastructure tax credits that may be issued in any taxable year per qualified infrastructure tenant;
- (3) Specify that excess tax credits may be carried forward; and
- (4) Specify that special purpose entities may qualify as a qualified infrastructure tenant.

Your Committee received testimony in support of this measure from the Chamber of Commerce Hawaii, Pacific Shipyards, and five individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committee finds that this measure supports the growth of commerce in the State and supports maritime jobs by helping displaced waterfront tenants at Honolulu Harbor raise financing and improve state-owned lands, from which the State will also receive significant lease rents.

Your Committee has amended this measure on the recommendation of the Department of Taxation by:

- (1) Clarifying that the qualified infrastructure tenant, together with all special purpose entities, is limited for purposes of claiming the tax credit, to capital infrastructure costs of \$5,000,000 per taxable year and shall not claim any credit in any one year that exceeds \$2,500,000;
- (2) Providing a penalty for failure to submit the required information to the Department of Taxation; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 678, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 678, S.D. 1, and be referred to your Committee on Ways and Means.

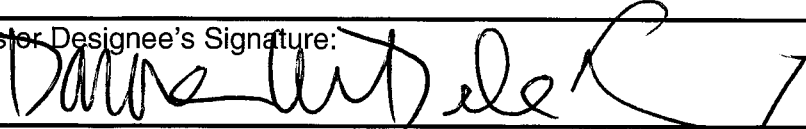
Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Energy,


LORRAINE R. INOUE, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Energy
TRE

Bill / Resolution No.:* SB 678	Committee Referral: TRE, WAM	Date: 2/10/17		
<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
INOUE, Lorraine R. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani				/
HARIMOTO, Breene	/			
SHIMABUKURO, Maile S.L.	/			
TOTAL	4			1
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