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

Sir:

    Your Committee on Economic Development, Tourism, and
Technology, to which was referred S.B. No. 765 entitled:

    "A BILL FOR AN ACT RELATING TO NEW MARKET TAX CREDITS,"

begs leave to report as follows:

    The purpose and intent of this measure is to:

    (1) Add the definition of "qualified community development
         entity" to section 210D-2, Hawaii Revised Statutes, to
         allow financing to be provided through the Hawaii
         Community-Based Economic Development Technical and
         Financial Assistance Program through a structure that
         facilitates the use of federal new markets tax credits;

    (2) Expand the methods of delivering funding to a project
         under the Program by providing loans to capitalize a
         qualified community development entity and to provide
         guarantees or other credit enhancements that will
         facilitate private lenders' participation in new markets
         tax credit financing; and

    (3) Adjust loan maximums and establish guarantees or credit
         enhancements to reflect monetization of existing project
         assets for purposes of new markets tax credit financing.

    Your Committee received testimony in support of this measure
from Pacific Growth Associates. Your Committee received testimony
in opposition to this measure from the Department of Business,

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Economic Development, and Tourism.   Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the Hawaii Community Based-Economic Development Technical and Financial Assistance Program was established to provide financial assistance to community-based businesses and enterprises through low-interest loans and grants to qualifying applicants.   Your Committee finds that the federal New Markets Tax Credit program similarly maintains the goal of creating material and economic improvements through community economic development.   Your Committee finds that citing to the federal program in this measure helps support both programs for the purpose of supporting community-based businesses in Hawaii. Your Committee further finds that this measure supports the community-based organizations to continue to play an important role in social and economic development in the State.

Your Committee has amended this measure by:

(1)   Removing all references to the State providing guarantees and credit enhancements; and

(2)   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 Economic Development, Tourism, and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 765, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 765, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Economic Development, Tourism, and Technology,

GLENN WAKAI, Chair

Record of Votes
Committee on Economic Development, Tourism, and Technology
ETT

Bill / Resolution No.:*	Committee Referral:	Date:
SB 765	ETT, WAM	1/30/17

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to:_____

The Recommendation is:

☐ Pass, unamended 2312   ☑ Pass, with amendments 2311   ☐ Hold 2310   ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
BAKER, Rosalyn H.	✓			
GALUTERIA, Brickwood	✓			
THIELEN, Laura H.	✓			
TOTAL	5	0	0	0

Recommendation: ☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature:

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*Only <u>one</u> measure per Record of Votes