

STAND. COM. REP. NO.

425

Honolulu, Hawaii

February 16, 2017

RE: H.B. No. 574
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 574 entitled:

"A BILL FOR AN ACT RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS,"

begs leave to report as follows:

The purpose of this measure is to provide the Pacific International Space Center for Exploration Systems (PISCES) with funding to continue PISCES's development of basalt-based products and materials by establishing an excise tax rate on basalt products, with the revenues deposited into the PISCES Special Fund.

Pacific International Space Center for Exploration Systems, Oceanit, RedWorks, Michigan Technological University, W.H. Shipman Limited, Ontario Drive & Gear Limited, Smarter Building Systems LLC, Blue Planet Research, and numerous concerned individuals supported this bill. High Technology Development Corporation supported the intent of this measure. The Hawaii Island Contractors' Association, Bolton, Inc., General Contractors Association of Hawaii, Jas. W. Glover, Ltd., Hawaiian Cement, and two concerned individuals opposed this measure. The Department of Taxation and Department of Budget and Finance submitted comments.

HB574 HD1 HSCR EDB HMS 2017-1947-1



Your Committee has amended this measure by:

- (1) Establishing the Basalt Materials Research Account, a separate account within the PISCES Special Fund, to receive basalt excise tax revenues to be expended on the development of basalt-base products and materials;
- (2) Deleting the provision that limits the amount of funds that can be in the PISCES Special Fund at the end of the fiscal year;
- (3) Repealing the basalt excise tax and the Basalt Materials Research Account on December 31, 2030;
- (4) Amending the effective date to July 1, 2038, to facilitate further discussion; and
- (5) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 574, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 574, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



MARK M. NAKASHIMA, Chair



