

STAND. COM. REP. NO.

560

Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 534
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 534 entitled:

"A BILL FOR AN ACT RELATING TO SHIP REPAIR INDUSTRY,"

begs leave to report as follows:

The purpose of this measure is to incentivize construction of a new drydock at Pearl Harbor for use by the United States Navy by amending the capital infrastructure tax credit to become a ship repair industry tax credit for non-profit entities to offset costs incurred to construct and put into service a purpose-built floating drydock at Pearl Harbor.

Pacific Marine, Pacific Marine & Supply, Co., The Chamber of Commerce Hawaii, Ship Repair Association of Hawaii, and a few individuals supported this measure. A & B Electric Co., Inc. and Marisco, Ltd. opposed this measure. The Department of Taxation, Tax Foundation of Hawaii, and Life of the Land provided comments.

Your Committee has amended this measure by:

- (1) Changing its effective date to December 31, 2112, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, 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. 534, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 534, 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,



ANGUS L.K. MCKELVEY, Chair



