STAND. COM. REP. NO. **527**

Honolulu, Hawaii

Fe-516, 2007

RE: H.B. No. 1897

H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns, to which was referred H.B. No. 1897 entitled:

"A BILL FOR AN ACT RELATING TO THE HIGH TECHNOLOGY BUSINESS INVESTMENT TAX CREDIT,"

begs leave to report as follows:

The purpose of this bill is to ensure the prudent stewardship of public funds by:

- (1) Requiring taxpayers claiming the High Technology
 Business Investment Tax Credit to submit employee and
 other information about the taxpayer's business to the
 Department of Taxation (DoTax);
- (2) Requiring the Auditor to determine the economic impact of the tax credit based on DoTax's information and any related data maintained by the Department of Labor and Industrial Relations, and report findings and recommendations to the Legislature; and
- (3) Reducing the percentage of investments that qualify for the tax credit as well as the maximum credit allowed in the first three years of the five year credit period.

The Hawaii Science & Technology Council, Oceanit, Hawaii Aquaculture Association, Honolulu Seawater Air Conditioning, LLC, August Enterprises Inc., People Bridge Hawaii Crop Improvement

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Association, Ocean Engineering & Energy Systems International, LLC, Pipeline Communications and Technology, Inc., Navatek Ltd., Applied Marine Solutions, Maui Economic Development Board, Inc., Cellular Bioengineering, Inc., SEE/RESCUE Corporation, PacificCap Group, and several concerned individuals opposed this bill.

Your Committee respectfully requests the Committee on Finance to examine the financial impact of this bill. Your Committee has amended the measure to encourage further discussion of the issues by removing the new percentages and maximum credit amounts proposed by this bill.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1897, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1897, H.D. 1, and be referred to the Committee on Finance.

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

KYLE T. YAMASHITA, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature



Record of Votes of the Committee on Economic Development & Business Concerns

| Bill/Resolution 1881 | Date: | Feb 1 | 2,20 | 97 |
|--|--|-----------|------|---------------------------------------|
| Committee Referral: | ☐ The committee is reconsidering its previous decision on the measure. | | | |
| The recommendation is to: Pass, unamended | Pass, with amendments | | | |
| ☐ Hold | ☐ Pass, with amendments, for recommittal for further consideration | | | |
| EDB Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. YAMASHITA, Kyle T. (C) | _ / / | · | | |
| 2. WAKAI, Glenn (VC) | <u> </u> | | | |
| 3. BERG, Lyla B., Ph.D. | | | | |
| 4. BROWER, Tom | | | | |
| 5. CHANG, Jerry L. | | | | |
| 6. HANOHANO, Faye P. | | | | |
| 7. HERKES, Robert N. | | | | |
| 8. MANAHAN, Joey | / | | | |
| 9. TSUJI, Clift | | | · | · · · · · · · · · · · · · · · · · · · |
| 10. YAMANE, Ryan I. | | | | |
| 11. CHING, Corinne W.L. | | | | |
| 12. MARUMOTO, Barbara C. | <u> </u> | | | |
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| | 1, 411 | | | |
| TOTAL | 9 | 1 | 6 | 2 |
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| The recommendation is: Adopted | | | • | |
| ☐ Not Adopted | | | | |
| If joint referral, did not support recommendation. | | | | |
| If joint referral, did not support recommendation. committee acronym(s) | | | | |
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| Vice Chair's or designee's signature: | | | | |
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| Distribution: Original (White) Committee Duplicate (Yellow) – Clerk's Office | | | | |
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