STAND. COM. REP. NO. 743

Honolulu, Hawaii

MAR 0 2 2007

RE: S.B. No. 216

S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

## Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 216 entitled:

"A BILL FOR AN ACT RELATING TO CAPITAL GOODS EXCISE TAX CREDIT, "

begs leave to report as follows:

The purpose of this measure is to clarify the definition of "cost" as it pertains to the capital goods excise tax credit.

The measure accomplishes this purpose by:

- (1) Removing from the definition of "cost" the language regarding the actual invoice of the tangible personal property; and
- Clarifying that the basis of depreciation when (2) calculating cost is based on the value of the capital good that was subject to the general excise or use tax.

Your Committee received written comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the administration of the capital goods excise tax credit will be more efficient by removing the invoice provision from the definition of "cost", and leaving the depreciable basis as the measure of the credit.

Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style, and by changing the effective date to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 216, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 216, S.D. 1.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

ROSALYN H. BAKER, Chair

## The Senate Twenty-Fourth Legislature State of Hawaii

## Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:* Committee		Referral:		Date:	
SB 216	EDT,	WAM	7	5.53.C	)ア
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)					
TSUTSUI, Shan S. (VC)					
CHUN OAKLAND, Suzanne					
ENGLISH, J. Kalani					
FUKUNAGA, Carol					
HOOSER, Gary L.					
KIM, Donna Mercado					
MENOR, Ron					/
TOKUDA, JIII N.					
HEMMINGS, Fred					
WHALEN, Paul					
	Na populación de la constante				
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TOTAL		9	0	0	2
Recommendation:	Adopted	Not Adopted			
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency					