STAND. COM. REP. NO. 706

Honolulu, Hawaii

MAR 0 1 2007

S.B. No. 898 RE:

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. 898, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY TAX INCENTIVES, "

begs leave to report as follows:

The purpose of this measure is to require the Department of Taxation to report annually on qualified high technology businesses and related tax incentives to properly evaluate their effectiveness.

Your Committee received written comments in support of this measure from the High Technology Development Corporation and the Department of Taxation. Written comments were received from the Tax Foundation of Hawaii.

Your Committee finds that high technology tax credits can provide incentives vital to the continued growth of Hawaii's technology and innovation industries. However, in its 2005-2007 report, the Tax Review Commission stated that due to a lack of current data, definitive results could not be calculated for the high technology business investment tax credit, one of the credits currently offered by the State. While the information is being filed with the Department of Taxation, and could be made available to enable the Tax Review Commission to evaluate and report on the effectiveness of the high tech tax incentives, the lack of resources has made it difficult to collect the available data from the records of the Department of Taxation.

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It is the intent of your Committee to provide for greater transparency and evaluation of high technology tax incentives as a means of ensuring that the credits meet their intended outcomes.

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. 898, S.D. 1, and recommends that it pass Third Reading.

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:				
<b>3</b> B 898 SD1	EDT,	WAI	и [	2.23.	07
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, Jill N.					
HEMMINGS, Fred					
WHALEN, Paul					
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TOTAL		9	U	0	<u> </u>
Recommendation:  Adopted  Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency					