STAND. COM. REP. NO. 553

Honolulu, Hawaii

Fe420, 2009

RE: H.B. No. 1309 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 1309 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYEE INCREASE TAX CREDIT," begs leave to report as follows:

The purpose of this bill is to provide an incentive for employers to increase their employee count by establishing a tax credit for employers who increase their employee count over the previous year that is equal to:

- (1) Forty percent of the employee's wages, up to \$8,500, for employees retained for over 400 hundred hours; and
- (2) Twenty-five percent of the employee's wages, up to \$8,500, for employees retained for 120 hours but less than 400 hours.

The Chamber of Commerce of Hawaii and the Hawaii Restaurant Association supported this bill. The Department of Taxation opposed this bill. The Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this measure by:

(1) Restricting the credit to full-time employees who are retained by the employer for at least 1,800 hours;

- (2) Striking out the specific amount of the maximum tax credit that may be claimed for each employee;
- (3) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

Your Committee respectfully requests that the Committee on Finance, to which this measure is next referred, examine issues relating to criteria for, and the amount of, the credit in light of current financial constraints and conditions.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1309, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Economic Revitalization, Business, & Military Affairs,

ANGUS L.K. MCKELVEY, Chair



State of Hawaii House of Representatives The Twenty-fifth Legislature

Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

Bill/Resolution No.: HB 1309	Committee Referral:	Date	Feb. 12	2,2009
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	Y			
2. CHOY, Isaac W. (VC)	/			
3. BERG, Lyla B.	✓			
4. EVANS, Cindy				
5. MANAHAN, Joey			Marie	
6. TAKAI, K. Mark				
7. TOKIOKA, James Kunane				
8. TSUJI, Clift				
9. WAKAI, Glenn				
10. WOOLEY, Jessica				
10. Woodelf, Jessica				
11. WARD, Gene				
TOTAL (11)	9	a 8		1
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				