STAND. COM. REP. NO. 518 -10

Honolulu, Hawaii **Fe 726**, 2010 RE: H.B. No. 1907 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1907 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to temporarily suspend the income tax net operating loss carryback deduction for losses generated in 2009 and 2010.

The Hawaii State Teachers Association testified in support of this measure. The Hawaii Bankers Association opposed this measure. The Department of Taxation and the Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by, among other things:

- Inserting provisions placing a temporary, ending December 31, 2015, cap on itemized deductions claimed on state income tax returns and making the cap applicable to taxable years beginning after December 31, 2009;
- (2) Inserting provisions that remove the refunding feature of the Capital Goods Excise Tax Credit from January 1, 2010, to December 31, 2015;
- (3) Changing the effective date to July 1, 2020, to encourage further discussion; and



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(4) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1907, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1907, H.D. 1, and be placed on the calendar for Third Reading.

HB1907 HD1 HSCR FIN HMS 2010-1966

Respectfully submitted on behalf of the members of the Committee on Finance,

MARCUS R. OSHIRO, Chair

State of Hawaii House of Representatives The Twenty-fifth Legislature

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HSLR 518

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Record of Votes of the Committee on Finance

| Bill/Resolution No.: UR 1907 Committee Referral: Date: 2/12/10 | | | | |
|--|--|--|---------------------------------------|--|
| □ The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: Deass, unamended (as is) Pass, with amendments (HD) Deast Hold | | | | |
| Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| FIN Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. OSHIRO, Marcus R. (C) | K | | | |
| 2. LEE, Marilyn B. (VC) | | | | |
| 3. AQUINO, Henry J.C. | | | | |
| 4. AWANA, Karen Leinani | | | | |
| 5. BROWER, Tom | - | | | |
| 6. CHOY, Isaac W. | ~ | | | |
| 7. COFFMAN, Denny | <u> </u> | | | |
| 8. HAR, Sharon E. | <u>~</u> | •••••••••••••••••••••••••••••••••••••• | the first state | |
| 9. KEITH-AGARAN, Gilbert S.C. | <u> </u> | | | |
| 10. LEE, Chris | <u> </u> | | | |
| 11. NISHIMOTO, Scott Y, | | | | |
| 12. SAGUM, Roland D., III | La construction de la constructi | | | |
| 13. TOKIOKA, James Kunane | <u> </u> | | | atige faelander in der State ander state ander State beschen Berte 11. der |
| 14. WOOLEY, Jessica | | | | |
| 15. YAMASHITA, Kyle T. | | | | |
| 16. FINNEGAN, Lynn | | | | 1.157 (4.6) |
| 17. WARD, Gene | | | | |
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| TOTAL (17) | 15 | 0 | 2 | O |
| The recommendation is: Adopted Image: Not Adopted did not support recommendation. If joint referral, | | | | |
| committee acronym(s) | | | | |
| Vice Chair's or designee's signature: Maily B. Lee | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |