

Honolulu, Hawaii

APR - 1 2010

RE: H.B. No. 1907
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B.
No. 1907, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

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

The measure also temporarily places a cap on itemized
deductions claimed on state income tax returns and removes the
refunding feature of the capital goods excise tax credit from
January 1, 2010, to December 31, 2015.

The Department of Taxation, Central Pacific Bank, the Chamber
of Commerce of Hawaii, and Rolf Advertising testified in
opposition to the measure. The Tax Foundation of Hawaii and First
Wind submitted comments on the measure. Written testimony
presented to the Committee may be reviewed on the Legislature's
website.

Your Committee finds that, given the current economic
downturn, eliminating the net operating loss carryback deduction
would impose new tax burdens on all businesses, including sole
proprietorships, by effectively increasing their taxes at a time
when they are less able to pay. Your Committee also finds that



this would discourage the establishment of new businesses in Hawaii.

Accordingly, your Committee has amended this measure by:

- (1) Deleting part I of the measure regarding the net operating loss carryback deduction;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 H.B. No. 1907, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1907, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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


DONNA MERCADO KIM, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 1907 401</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">3/23/2010</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood				/
HEE, Clayton				/
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.				/
HEMMINGS, Fred			/	ST
TOTAL	8	0	1	3
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; margin-top: 10px;"> </div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes