

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1247  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1247, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE ECONOMY,"

begs leave to report as follows:

The purpose of this measure is to require the Department of Taxation to evaluate certain tax credits and tax exemptions and compile the information necessary to enable the Legislature to evaluate whether to sunset any of those credits or exemptions.

More specifically, the purposes of this measure are to:

- (1) Implement an ongoing program of evaluation of those tax credits and tax exemptions that have no sunset dates;
- (2) Require the Department of Taxation and Department of Business, Economic Development, and Tourism to compile the necessary information to enable the Legislature to evaluate tax credits and exemptions with consistent standards; and
- (3) Sunset those credits and exemptions that the Department of Taxation and Legislature do not believe should be extended.

Your Committee received three written comments on this measure. The written comments may be reviewed on the Legislature's website.




Your Committee finds that tax credits and tax exemptions are important to the State's economic diversification. Your Committee further finds that as economic conditions change over time, the credits and exemptions may need to be extended or repealed to promote certain types of business activity. Without a regular evaluation of tax credits and exemptions, the Legislature will not be able to make effective adjustments to the State's tax credits and exemptions.

Your Committee amended this measure by:

- (1) Requiring the Department of Taxation, in evaluating the tax credits and exemptions, to post all data used to calculate revenue losses and other fiscal impacts, to ensure that information is timely and accurate;
- (2) Changing the effective date to July 1, 2070, to encourage further discussion; and
- (3) Making technical, nonsubstantive changes for purposes of clarity and style.

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. 1247, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1247, S.D. 2.

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.:* <b>SB 1247 SD1</b>	Committee Referral: <b>EDT, WAM</b>	Date: <b>MAR 2, 2009</b>		
<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-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <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	/			
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>2</b>
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="text-align: center; margin-top: 10px;"> </div>				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="text-align: center;">Original File with Committee Report</div> <div style="text-align: center;">Yellow Clerk's Office</div> <div style="text-align: center;">Pink Drafting Agency</div> <div style="text-align: center;">Goldenrod Committee File Copy</div> </div>				

**\*Only one measure per Record of Votes**