

STAND. COM. REP. NO.

2196

Honolulu, Hawaii

FEB 16 2016

RE: S.B. No. 3012
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Economic Development, Environment, and Technology, to which was referred S.B. No. 3012 entitled:

"A BILL FOR AN ACT RELATING TO CORPORATE INCOME TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Reduce the corporate income tax rate by fifty percent;
and
- (2) Beginning on January 1, 2017, allocate fifty percent of corporate income tax revenues to the operating budget of the Department of Business, Economic Development, and Tourism and fifty percent to the general fund.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development and Tourism and Chamber of Commerce Hawaii. Your Committee received testimony in opposition to this measure from Americans for Democratic Action and one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that a reduction in corporate income tax will alleviate some of the costs of doing business in the State and spark economic growth. Your Committee has heard the Department of Business, Economic Development, and Tourism's



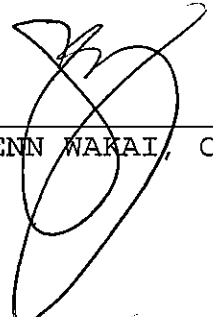
testimony and finds the HI Growth Initiative to be a project that should be supported by corporate income tax revenue.

Your Committee has amended this measure by:

- (1) Reducing the corporate income tax rate by twenty-five percent, rather than fifty percent;
- (2) Deleting language that would have allocated fifty percent of corporate income tax revenues to the Department of Business, Economic Development, and Tourism; and
- (3) Inserting language to allocate \$5,000,000 of corporate income tax revenues to the HI Growth Initiative until January 1, 2022, with the remaining revenues to be deposited in the general fund.

As affirmed by the record of votes of the members of your Committee on Economic Development, Environment, and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3012, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3012, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development, Environment, and
Technology,



GLENN WAKAI, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Economic Development, Environment, and Technology
EET

Bill / Resolution No.:* <i>SB 3012</i>	Committee Referral: <i>EET, WAM</i>	Date: <i>2/5/16</i>		
<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;"> <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 </div>				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	<i>X</i>			
SLOM, Sam (VC)	<i>X</i>			
BAKER, Rosalyn H.				<i>X</i>
ESPERO, Will	<i>X</i>			
GALUTERIA, Brickwood	<i>X</i>			
IHARA, Jr., Les				<i>X</i>
KEITH-AGARAN, Gilbert S.C.				<i>X</i>
RUDERMAN, Russell E.				<i>X</i>
THIELEN, Laura H.	<i>X</i>			
TOTAL	<i>5</i>	<i>0</i>	<i>0</i>	<i>4</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Signature]</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes