STAND. COM. REP. NO.



Honolulu, Hawaii

February 16, 2017

RE: H.B. No. 574 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 574 entitled:

"A BILL FOR AN ACT RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS,"

begs leave to report as follows:

The purpose of this measure is to provide the Pacific International Space Center for Exploration Systems (PISCES) with funding to continue PISCES's development of basalt-based products and materials by establishing an excise tax rate on basalt products, with the revenues deposited into the PISCES Special Fund.

Pacific International Space Center for Exploration Systems, Oceanit, RedWorks, Michigan Technological University, W.H. Shipman Limited, Ontario Drive & Gear Limited, Smarter Building Systems LLC, Blue Planet Research, and numerous concerned individuals supported this bill. High Technology Development Corporation supported the intent of this measure. The Hawaii Island Contractors' Association, Bolton, Inc., General Contractors Association of Hawaii, Jas. W. Glover, Ltd., Hawaiian Cement, and two concerned individuals opposed this measure. The Department of Taxation and Department of Budget and Finance submitted comments.

Your Committee has amended this measure by:

- (1) Establishing the Basalt Materials Research Account, a separate account within the PISCES Special Fund, to receive basalt excise tax revenues to be expended on the development of basalt-base products and materials;
- (2) Deleting the provision that limits the amount of funds that can be in the PISCES Special Fund at the end of the fiscal year;
- (3) Repealing the basalt excise tax and the Basalt Materials Research Account on December 31, 2030;
- (4) Amending the effective date to July 1, 2038, to facilitate further discussion; and
- (5) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 574, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 574, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Economic Development & Business,

MARK M. NAKASHIMA, Chair

State of Hawaii House of Representatives The Twenty-ninth Legislature HSCR 425

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB 574	Committee Referral: EDB, F	IN Dat	e: 2/8/17	
θ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: θ Pass, unamended (as is) θ Pass, with amendments (HD) θ Hold θ Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)				
2. KEOHOKALOLE, Jarrett (VC)				
3. HOLT, Daniel				
4. JOHANSON, Aaron Ling				
5. TAKUMI, Roy M.		2553481294an 5 may 2000.	, , , , , , , , , , , , , , , , , , ,	
6. YAMASHITA, Kyle T.				
7. MATSUMOTO, Lauren Kealohi	ilani /			
TOTAL (7)	6			(
The recommendation is: \[\text{\theta} \ \ \text{Adopted} \] If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				