

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 398 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a job creation income tax credit for employers who increase the number of full-time employees in the State and make certain capital investment expenditures.

Your Committee received testimony in support of this measure from the Hawaii Food Industry Association, Chamber of Commerce Hawaii, Hawaii Food Manufacturers Association, and Maui Chamber of Commerce. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Hawaii Restaurant Association, and one individual.

Your Committee finds that before the COVID-19 pandemic, one of the main concerns for businesses was a shortage of workers. Since the COVID-19 pandemic and the economic downturn resulting from the pandemic, many workers have left Hawaii, which has exacerbated the pre-existing labor crisis. Businesses throughout the State need assistance to rehire laid off workers and put Hawaii's economy back on track. Your Committee believes that new tools, like the job creation income tax credit this measure seeks

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to establish, will help recruitment for new and existing industries to keep advancing and diversifying the economy.

Your Committee has amended this measure by:

- Changing its effective date to June 30, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that it does not intend for this measure to establish an open-ended tax credit. Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider placing a limit on the aggregate amount or deadline by which the tax credit may be claimed.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 398, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 398, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Economic Development,

DANIEL HOLT, Chair



## State of Hawaii House of Representatives The Thirty-second Legislature

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## **Record of Votes of the Committee on Economic Development**

Bill/Resolution No.: HB398				Date: 2 3 20 23		
The committee is reconsidering its previous decision on the measure.						
The recommendation is to:    Pass, unamended (as is)   Pass, with amendments (HD)   Hold   Pass short form bill with HD to recommit for future public hearing (recommit)						
ECD Member	'S	Ayes	Ayes (WR)	Nays	Excused	
1. HOLT, Daniel (C)						
2. LAMOSAO, Rachele F. (V	VC)					
3. HUSSEY-BURDICK, Nat	alia				<u> </u>	
4. KONG, Sam Satoru						
5. NAKAMURA, Nadine K.						
6. QUINLAN, Sean		/				
7. PIERICK, Elijah						
TOTAL (7)		6	0	0		
The recommendation is: Image: Adopted light of the support recommendation is: Image: Adopted light of the support recommendation is:   If joint referral,						
Vice Chair's or designee's signature: Ranhh /						
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