

STAND. COM. REP. NO. **2557**

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 3382
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 3382 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish an
income tax credit to encourage investment in businesses affected
by the August 2023 Maui wildfires and redevelopment resiliency
projects occurring within the Lahaina district.

Your Committee received testimony in support of this measure
from one member of the Maui County Council.

Your Committee received comments on this measure from the
Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that more than eight hundred businesses
have been destroyed or damaged as a result of the August 2023 Maui
wildfires, according to estimates from the Department of Business,
Economic Development, and Tourism. Your Committee further finds
that an income tax credit will encourage investments in affected
businesses and redevelopment resiliency projects by reducing the
economic risks associated with these investments.

Your Committee has amended this measure by:



- (1) Delaying the applicability of the income tax credit until tax years beginning after December 31, 2024;
- (2) Inserting an effective date of January 1, 2060, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee has heard the testimony of the Department of Taxation expressing concerns that this measure should be amended to provide definitions and criteria to outline the eligibility requirements for the tax credit. Your Committee finds that these issues merit further consideration and respectfully requests further examination by subsequent committees who may choose to deliberate on this measure.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3382, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,


LYNN DECOITE, Chair



