

STAND. COM. REP. NO.

527

Honolulu, Hawaii

Feb 16, 2007

RE: H.B. No. 1897
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 1897 entitled:

"A BILL FOR AN ACT RELATING TO THE HIGH TECHNOLOGY BUSINESS
INVESTMENT TAX CREDIT,"

begs leave to report as follows:

The purpose of this bill is to ensure the prudent stewardship
of public funds by:

- (1) Requiring taxpayers claiming the High Technology Business Investment Tax Credit to submit employee and other information about the taxpayer's business to the Department of Taxation (DoTax);
- (2) Requiring the Auditor to determine the economic impact of the tax credit based on DoTax's information and any related data maintained by the Department of Labor and Industrial Relations, and report findings and recommendations to the Legislature; and
- (3) Reducing the percentage of investments that qualify for the tax credit as well as the maximum credit allowed in the first three years of the five year credit period.

The Hawaii Science & Technology Council, Oceanit, Hawaii
Aquaculture Association, Honolulu Seawater Air Conditioning, LLC,
August Enterprises Inc., People Bridge Hawaii Crop Improvement

HB1897 HD1 HSCR EDB HMS 2007-2176



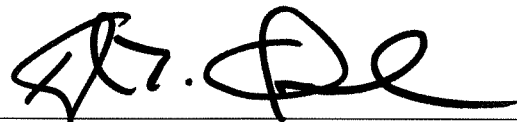
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Association, Ocean Engineering & Energy Systems International, LLC, Pipeline Communications and Technology, Inc., Navatek Ltd., Applied Marine Solutions, Maui Economic Development Board, Inc., Cellular Bioengineering, Inc., SEE/RESCUE Corporation, PacificCap Group, and several concerned individuals opposed this bill.

Your Committee respectfully requests the Committee on Finance to examine the financial impact of this bill. Your Committee has amended the measure to encourage further discussion of the issues by removing the new percentages and maximum credit amounts proposed by this bill.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1897, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1897, H.D. 1, and be referred to the Committee on Finance.

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



KYLE T. YAMASHITA, Chair



