

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 1277  
H.D. 2  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 1277, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to revitalize the Leeward coast by:

- (1) Establishing a \$75,000,000 income tax credit for affordable rental housing and educational and training facilities constructed on the leeward coast of Oahu; and
- (2) Repealing the unused \$75,000,000 Ko Olina Resort and Marina and Makaha Resort tax credit.

Testimony in support of the intent of this measure was received from the Department of Business, Economic Development, and Tourism; Department of Taxation; Office of Planning; and Ko Olina Resort and Marina. The Tax Foundation of Hawaii submitted comments on this measure.

Your Committee is in strong support of expanding the economic and housing opportunities for residents of the Leeward coast, and believes that a range of options should be considered before final decisions are made.

Your Committee has amended this measure by:



- (1) Adding commercial projects and specifying what shall be included in the qualified costs for commercial projects;
- (2) Changing the maximum dollar limit for the three tax credit project categories to unspecified amounts;
- (3) Changing the definition of "Leeward coast" to encompass unspecified state senatorial districts, with first preference for qualified projects on lands owned by the Department of Hawaiian Home Lands;
- (4) Providing that the Act shall apply to taxable years beginning after December 31, 2050, for the purposes of further discussion; and
- (5) Making technical amendments for the purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1277, H.D. 2, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.B. No. 1277, H.D. 2, S.D. 2.

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



CAROL FUKUNAGA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1277 HD2 SD1	TSG, EDT, WAM	3/23/07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Espero</i>				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

\*Only one measure per Record of Votes