

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 983  
H.D. 2  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Economic Development and Technology, to which was referred H.B. No. 983, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII STRATEGIC DEVELOPMENT CORPORATION,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Hawaii Strategic Development Corporation to transfer tax credits issued by the State, subject to certain conditions.

Your Committee received testimony in support of this measure from the Hawaii Strategic Development Corporation; High Technology Development Corporation; The Chamber of Commerce of Hawaii; Hawaii Dual Use Network; Cardax Pharmaceuticals, Inc.; Oceanit; and Puko'a Scientific. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee fully appreciates the need for new capital funding sources to build upon the previously adopted Act 221 financing mechanisms. However, given the State's current economic condition, your Committee believes that the best route would be to pursue a simpler approach by adequately funding the State Private Investment Fund, which contains adequate safeguards for the use of the state tax credits. As such, the allocation of \$100,000,000 in tax credits, with an annual authorization in the range of \$20,000,000 to \$25,000,000, would be a prudent means of leveraging state resources to expand Hawaii's technology economy.



Your Committee has amended this measure by deleting its contents and replacing them with language to amend the Hawaii Strategic Development Corporation's current authority to transfer tax credits issued by the State pursuant to chapter 211G, Hawaii Revised Statutes, the State Private Investment Fund. As amended, this measure:

- (1) Amends the definitions of "tax credits" and "taxpayer" to include insurance premium taxes, and makes related amendments in section 211G-12, Hawaii Revised Statutes;
- (2) Changes the current total amount and aggregate total of tax credits to be issued to unspecified amounts; and
- (3) Changes the exercisable date that the tax credits may be transferred to the Hawaii Strategic Development Corporation from July 1, 2005, to July 1, 2013, and replaces July 1, 2030, as the last date of a transfer with an unspecified date.

Your Committee also notes that this measure has an effective date of July 1, 2112, for the purpose of continuing further discussion on this measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 983, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 983, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

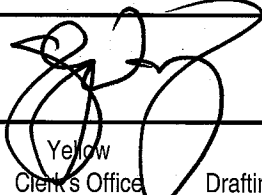
Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Technology,

  
CAROL FUKUNAGA, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

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

Bill / Resolution No.:* <b>HB 983, HDZ</b>	Committee Referral: <b>EDT, WAM</b>	Date: <b>3/23/11</b>		
<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)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
SOLOMON, Malama			✓	
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes