

Honolulu, Hawaii

FEB 09 2012

RE: S.B. No. 2947

S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Economic Development and Technology, to which was referred S.B. No. 2947 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to ensure that information regarding the economic impact of tax credits or exemptions is reported annually by requiring the:

- (1) State agency responsible for certifying or otherwise administering the tax credit or exemption, or the Department of Taxation, as appropriate, to prepare reports disclosing certain taxpayer information, information regarding the taxpayer's fulfillment of expected results of the tax credits or exemptions, and information relating to the agency's certification determination; and
- (2) Department of Taxation to post the reports on its website no later than December 31 of each year.

Your Committee received testimony in support of this measure from the Hawaii Strategic Development Corporation and the High Technology Development Corporation. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii.



Your Committee has heard the concerns of the Department of Taxation that the Department lacks the fiscal and staffing resources to complete the reports required in this measure. Currently, only a few economic development-related tax credits or exemptions require certifications or are administered by other state agencies. Most credits and exemptions are administered by the Department, which would place the responsibility for implementation of this measure primarily with the Department of Taxation.

Your Committee notes that the Department previously published an annual report covering the usage of various tax credits, and that it has had to halt the preparation and publication of the reports due to staff shortages and downsizing in recent years. Your Committee finds that providing funding to the Department will allow the Department to reinstate these annual reports, which would achieve the purpose for which S.B. No. 2947 was introduced.

Your Committee has amended this measure by adding an appropriation for an unspecified amount to assist the Department of Taxation in preparing the reports.

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 S.B. No. 2947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2947, 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,

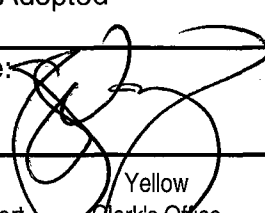


CAROL FUKUNAGA, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* SB 2947	Committee Referral: EDT, WAM	Date: 2/1/2012		
<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	✓			
TOTAL	5	0	0	0
Recommendation:	<input checked="" type="checkbox"/> Adopted	<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: 				
Distribution:	Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy

*Only one measure per Record of Votes