

Honolulu, Hawaii

FEB 20 2015

RE: S.B. No. 676  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Economic Development and Technology, to which was referred S.B. No. 676 entitled:

"A BILL FOR AN ACT RELATING TO THE CAPITAL INFRASTRUCTURE TAX CREDIT, "

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase the maximum amount of capital infrastructure tax credits that may be issued to a qualified infrastructure tenant in any taxable year; and
- (2) Allow any capital infrastructure tax credit in excess of the maximum amount to be applied to subsequent tax years.

Your Committee received testimony in support of this measure from the Chamber of Commerce Hawaii, Pacific Shipyards International/Navatek Ltd., Pacific Shipyards International, Navatek Ltd., and twenty-six individuals. Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that Pacific Shipyards International has operated a commercial ship repair facility in Honolulu Harbor since 1920. Your Committee further finds that the Kapalama Container Terminal project is critical to modernizing its commercial harbors and that the completion of this project will



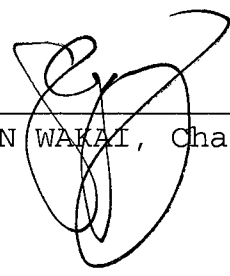
ensure the adequate infrastructure of the harbor and the supported economic industries. The most effective means by which to support the tenants displaced by this project is a capital infrastructure credit that would offset costs after a certain amount has been expended for capital infrastructure.

Your Committee has amended this measure by:

- (1) Setting the maximum amount of capital infrastructure tax credits that may be issued to a qualified infrastructure tenant in any taxable year at \$2,500,000;
- (2) Inserting language requiring a qualified infrastructure tenant to expend \$40,000,000 within a taxable year before the release of any capital infrastructure tax credits; and
- (3) Making a technical, nonsubstantive amendment for the purposes of the clarity of consistency.

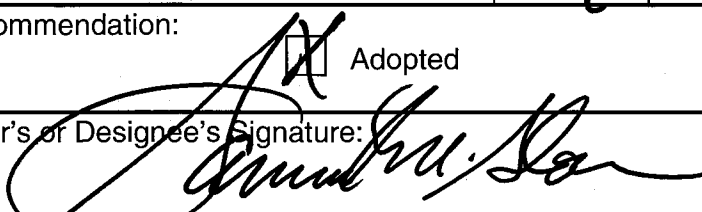
As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 676, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 676, 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,

  
\_\_\_\_\_  
GLENN WAKAI, Chair

The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

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

Bill / Resolution No.:* <b>SB 676</b>	Committee Referral: <b>EDT, WAM</b>	Date: <b>2/18/15</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
WAKAI, Glenn (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.	X			<b>R S.M.S.</b>
CHUN OAKLAND, Suzanne	X			
DELA CRUZ, Donovan M.	X			
ESPERO, Will	X			
HARIMOTO, Breene	X			
<b>TOTAL</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</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