

STAND. COM. REP. NO.

897

Honolulu, Hawaii

March 3, 2017

RE: H.B. No. 591

H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 591, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to assist qualifying infrastructure tenants of the Kapalama Container Terminal Project with their relocation and infrastructure costs by conforming the Capital Infrastructure Tax Credit as originally intended by the Legislature in 2014.

This measure, among other things:

- (1) Allows capital expenditures for structures, machinery, equipment, and capital assets to qualify as capital infrastructure costs;
- (2) Doubles the credit per qualified infrastructure tenant to a maximum of \$2,500,000 per taxable year;
- (3) Allows capital infrastructure costs in excess of the \$2,500,000 cap to be applied to subsequent tax years until exhausted;

HB591 HD1 HSCR FIN HMS 2017-2727



- (4) Allows qualified infrastructure tenants to form special purpose entities for investment and tax credit purposes;
- (5) Provides for the recapture of the tax credits if the qualifying infrastructure tenant fails to timely relocate pursuant to a lease with the Department of Transportation; and
- (6) Disallows the tax credit to be claimed after December 31, 2019.

The Chamber of Commerce Hawaii, Pacific Shipyards, and numerous concerned individuals supported this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 591, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



SYLVIA LUKE, Chair



State of Hawaii  
House of Representatives  
The Twenty-ninth Legislature

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Record of Votes of the Committee on Finance

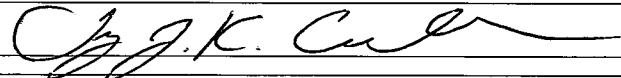
Bill/Resolution No.: HB 591, HD1	Committee Referral: EDB, FIN	Date: 2-28-2017
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The committee is reconsidering its previous decision on the measure.

The recommendation is to:  Pass, unamended (as is)     Pass, with amendments (HD)     Hold  
 Pass short form bill with HD to recommit for future public hearing (recommit)

FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	✓			
2. CULLEN, Ty J.K. (VC)	✓			
3. CACHOLA, Romy M.	✓			
4. CHOY, Isaac W.		✓		
5. DeCOITE, Lynn				✓
6. GATES, Cedric Asuega	✓			
7. HOLT, Daniel	✓			
8. KEOHOKALOOLE, Jarrett	✓			
9. KOBAYASHI, Bertrand			✓	
10. LoPRESTI, Matthew S.	✓			
11. LOWEN, Nicole E.	✓			
12. NAKAMURA, Nadine K.	✓			
13. TOKIOKA, James Kunane		✓		
14. QUINLAN, Sean	✓			
15. YAMASHITA, Kyle T.	✓			
16. TUPOLA, Andria P.L.				✓
17. WARD, Gene	✓			
TOTAL (17)	12	2	1	2

The recommendation is:  Adopted     Not Adopted  
If joint referral, \_\_\_\_\_ did not support recommendation.  
committee acronym(s)

Vice Chair's or designee's signature: 

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