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## A BILL FOR AN ACT

RELATING TO THE HIGH TECHNOLOGY BUSINESS INVESTMENT TAX CREDIT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 235-110.9, Hawaii Revised Statutes, is  
2 amended by amending subsection (g) to read as follows:

3           "(g) As used in this section:

4           "Investment tax credit allocation ratio" means, with  
5 respect to a taxpayer that has made an investment in a qualified  
6 high technology business, the ratio of:

7           (1) The amount of the credit under this section that is,  
8           or is to be, received by or allocated to the taxpayer  
9           over the life of the investment, as a result of the  
10          investment; to

11          (2) The amount of the investment in the qualified high  
12          technology business.

13          "Qualified high technology business" means a business,  
14          employing or owning capital or property, or maintaining an  
15          office, in this State; provided that:

16          (1) More than fifty per cent of its total business  
17          activities are qualified research; and provided  
18          further that the business conducts more than seventy-



1 five per cent of its qualified research in this State;

2 or

3 (2) More than seventy-five per cent of its gross income is  
4 derived from qualified research; and provided further  
5 that this income is received from:

6 (A) Products sold from, manufactured in, or produced  
7 in this State; or

8 (B) Services performed in this State.

9 "Qualified research" [~~means~~] has the same meaning as that  
10 term is defined in section 235-7.3."

11 SECTION 2. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 3. This Act shall take effect upon its approval  
14 and shall apply to taxable years beginning after December 31,  
15 2008.

16 Calvin H. Boy INTRODUCED BY: [Signature]

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Ken Ward

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**Report Title:**

High Technology Business Investment Tax Credit; Qualified Research

**Description:**

Clarifies the definition of "qualified research" with respect to the high technology business investment tax credit.

