

STAND. COM. REP. NO. 348

Honolulu, Hawaii
Feb 16, 2011

RE: H.B. No. 1642
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 1642 entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY,"

begs leave to report as follows:

The purpose of this bill is to support high technology research by extending the existing tax credit for research activities (Credit) to December 31, 2015. This bill also establishes an annual aggregate cap on the Credit.

Hawaii Strategic Development Corporation, the High Technology Development Corporation, The Chamber of Commerce of Hawaii, Oceanit, Pukoa Scientific, Hawaii Dual Use Industry, Eyekon Systems, LLC, and numerous concerned individuals supported this bill. The Department of Taxation supported the intent of this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee notes that concerns were raised regarding the revenue impact of this measure and the lack of clarity regarding specific procedures to implement the annual aggregate cap on the Credit.

Your Committee intends to continue working on this measure and respectfully requests your Committee on Finance to address the aforementioned concerns as this bill moves forward in the legislative process.

HB1642 HD1 HSCR ERB HMS 2011-2031

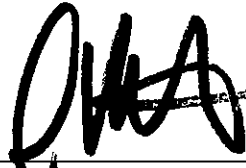


Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1642, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1642, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 348

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: HB 1642	Committee Referral: ERB, FIN	Date: 2/8/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	/			
2. CHOY, Isaac W. (VC)	/			
3. AWANA, Karen L.	/			
4. BROWER, Tom	/			
5. EVANS, Cindy	/			
6. HASHEM, Mark J.	/			
7. NISHIMOTO, Scott Y.	/			
8. TOKIOKA, James Kunane	/			
9. TSUJI, Clift	/			
10. MARUMOTO, Barbara C.	/			
11. PINE, Kymberly Marcos	/			
TOTAL (11)	11	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ 				
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