

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 753
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 753, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extend the state income tax credit for research activities for an additional five years; and
- (2) Add extensive reporting requirements related to the tax credit.

Your Committee received comments in support of this measure from the Chamber of Commerce of Hawaii; Yuka Nagashima, Executive Director & CEO, High Technology Development Corporation; Rick Holasek, Ph.D., President and CEO, NovaSol; and Alan S. Hayashi. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that research and development is a highly critical component to a sustainable economy. Your Committee also finds that the tax credit for research activities has been effective in generating new tax revenues, creating new companies, and employing a number of residents, while also supporting research and development activities, which in turn foster and encourage the innovation essential to creating high-wage job opportunities in our economy. Your Committee further



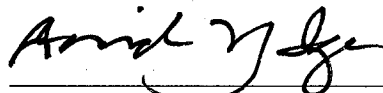
finds that, in comparing the tax credit for research activities to other tax credits, the tax credit for research activities is one of the most effective in generating and maintaining jobs per tax dollar, generating higher tax revenues for dollars spent, and stimulating measurably more economic activity in the State per dollar of tax credit.

Your Committee has amended this measure by:

- (1) Amending the definition of "qualified high technology business" by changing the required percentage of qualified research to an unspecified amount;
- (2) Correcting a citation to the Internal Revenue Code;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 753, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 753, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 753 SD1	EDT, WAM	2/24/11		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	✓			
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.				✓
RYAN, Pohai	✓			
TOKUDA, Jill N.	✓			
WAKAI, Glenn	✓			
SLOM, Sam	✓			
TOTAL	12	0	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
<i>Suzanne Chun Oakland</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes