

STAND. COM. REP. NO. 3258

Honolulu, Hawaii

APR 05 2012

RE: H.B. No. 1551  
H.D. 2  
S.D. 2

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1551, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose and intent of this measure is to foster improvement in the State's economy by providing support for research and development activities that lead to new job opportunities.

More specifically, the measure:

- (1) Requires a qualified high technology business that claims the tax credit for research activities to file annual survey information with the Department of Taxation;
- (2) Requires the Department of Taxation to submit an annual report to the Legislature on the information collected by the survey and the effectiveness of the tax credit; and
- (3) Extends the existing tax credit for research activities for an additional five years.

Written comments on this measure were submitted by the Tax Foundation of Hawaii.



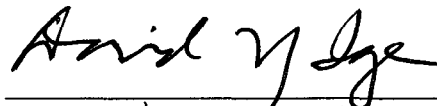
Your Committee finds that this measure supports Hawaii companies engaged in the research and development industry. Your Committee believes that the incentives provided by this measure will continue to foster job growth in the State and encourage further development of Hawaii's high technology industries. Your Committee further finds that the reporting requirements established by the measure will be useful in gauging the effectiveness of the tax credit for research activities.

Your Committee has amended this measure by:

- (1) Clarifying that more than fifty per cent of the qualified research of a qualified high technology business must be performed in the State;
- (2) Clarifying the information to be included in the annual survey;
- (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 consistency, 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 H.B. No. 1551, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1551, H.D. 2, 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:		
HB 1551 HD 2SD1	EDT, WAM	3-29-17		
<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	/			
<b>TOTAL</b>	14	0	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes