

Honolulu, Hawaii

APR 08 2011

RE: H.B. No. 1642
H.D. 2
S.D. 1

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 H.B. No. 1642, H.D. 2, 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 foster improvement in the State's economy by providing support for research and development activities that lead to new job opportunities.

Specifically, this 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 to taxable years beginning before December 31, 2015.



Your Committee received written comments in support of this measure from The Chamber of Commerce of Hawaii; Yuka Nagashima, Executive Director and Chief Executive Officer, High Technology Development Corporation; Karl Fooks, President, Hawaii Strategic Development Corporation; James P. Karins, President, Pukoa Scientific; Nelson Kanemoto, President and Chief Executive Officer, Referentia Systems Incorporated; Jill Takaezu Harper, Vice President, Business Operations, Referentia Systems Incorporated; and Nancy Downes, Program Manager, Referentia Systems Incorporated.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that this measure promotes research and development in Hawaii and supports local companies in the research and development industry.

The incentives provided by this measure will continue to create job growth in the State and encourage further investment in Hawaii's high technology industries. In addition, the reporting requirements will demonstrate the effectiveness of the tax credit for research activities.

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. 1642, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

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.:* HB 1642, HD2, SD1	Committee Referral: EDT, WAM	Date: 4-7-11		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input 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	11	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
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*Only one measure per Record of Votes