

STAND. COM. REP. NO.

397

Honolulu, Hawaii
February 13, 2013

RE: H.B. No. 559
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 559 entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure is to encourage innovation and the development of research and technology in Hawaii by extending the tax credit for research activities until December 31, 2017, and clarifying the method of calculating the tax credit by:

- (1) Amending the definition of "qualified high technology business";
- (2) Repealing existing certification requirements and establishing new reporting requirements for qualified high technology businesses that wish to claim the tax credit; and
- (3) Requiring the Department of Business, Economic Development, and Tourism to conduct studies to measure the effectiveness of the tax credit and submit reports to the legislature.

Oceanit; Puko'a Scientific; Navatek, Ltd.; and a concerned individual testified in support of this measure. The Department of Taxation testified in opposition. The Hawaii Strategic

HB559 HD1 HSCR EDB HMS 2013-1959

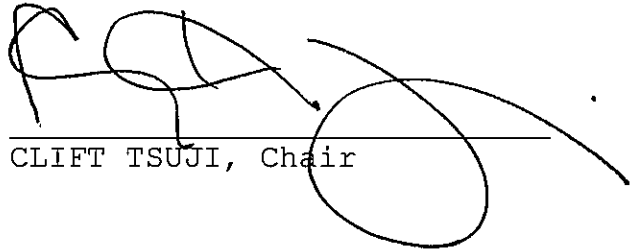


Development Corporation, Tax Foundation of Hawaii, and High Technology Development Corporation offered comments.

Your Committee has amended this measure by providing a new definition for "qualified high technology business" and extending the tax credit for research activities until 2016. Other technical, nonsubstantive changes were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 559, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 559, H.D. 1, and be referred to the Committee on Finance.

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



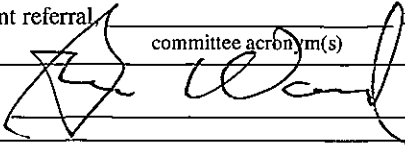
CLIFT TSUJI, Chair



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

HSCR397

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB 559	Committee Referral: EDB, FIN	Date: 2/8/13		
<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)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	✓	✓		
2. WARD, Gene (VC)	✓			
3. BROWER, Tom				✓
4. CACHOLA, Romy M.				✓
5. CHOY, Isaac W.	✓			
6. OHNO, Takashi	✓			
7. ONISHI, Richard H.K.	✓			
8. TAKAYAMA, Gregg	✓			
9. TOKIOKA, James Kunane	✓			
TOTAL (9)	7	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral _____ did not support recommendation.				
Vice Chair's or designee's signature: <div style="text-align: center;">  </div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				