STAND. COM. REP. NO.

Honolulu, Hawaii

March 22, 2013

RE: S.B. No. 1349

S.D. 2 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 S.B. No. 1349, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide support for scientific innovation in the State by:

- (1) Reestablishing the income tax credit for qualified research activities that applies to taxable years beginning after December 31, 2013, through December 31, 2017; and
- (2) Requiring that the Department of Business, Economic Development, and Tourism conduct studies to measure the effectiveness of the tax credit and submit reports to the Legislature.

Pukoa Scientific; Navatek, Ltd; Eyekon Systems; Oceanit; Cardax Pharmaceuticals, Inc.; Makai Ocean Engineering, Inc.; Black Ivory Biotech, Inc.; Concentris Systems; Aloha Medical Supply of the Pacific, Inc.; AMS Naturals; The Chamber of Commerce of Hawaii; and three concerned individuals supported this measure. The Department of Taxation, Hawaii Strategic Development Corporation, High Technology Development Corporation, NovaSol, and Tax Foundation of Hawaii offered comments.

Your Committee has amended this measure by:

- (1) Removing a provision which asserts that references to the base amount shall not apply and a provision that allows for qualified research expenses may be taken without regard to the amount of expenses for previous years, to conform with the Internal Revenue Code, and
- (2) Making technical, nonsubstantive amendments for the purposes of 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 S.B. No. 1349, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1349, S.D. 2, 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



## Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: SB 1349, SD2	Committee Referral: EDB, FIN		Date: 3-19-2013	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  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.				
7. Oldoni, Renard II.K.	•			
8. TAKAYAMA, Gregg				
0 TOVIOVA IV				
9. TOKIOKA, James Kunane				
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TOTAL (9)	9	$\varnothing$	$\varnothing$	$\varnothing$
The recommendation is:  Adopted  If joint referral, die not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				