

STAND. COM. REP. NO.

1116

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.

SB1349 HD1 HSCR EDB HMS 2013-2856

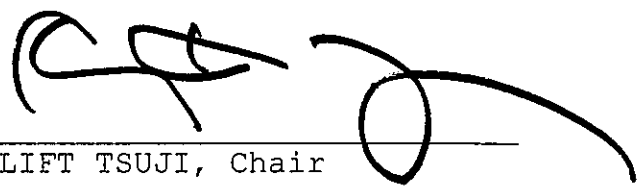


Your Committee has amended this measure by:

- (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



