

Honolulu, Hawaii

February 27, 2014

RE: H.B. No. 2338

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2338 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDIT FOR RESEARCH ACTIVITIES, "

begs leave to report as follows:

The purpose of this measure is to clarify and streamline the Tax Credit for Research Activities under section 235-110.91, Hawaii Revised Statutes, to, among other things:

- (1) Provide that qualifying research activities must be performed in the State for costs to qualify for the tax credit;
- (2) Eliminate the requirement that a qualified high technology business must obtain certification from the Department of Taxation regarding the taxpayer's tax credit claim;
- (3) Eliminate the authority of the Director of Taxation to assess and collect a fee to offset the costs of certifying a qualified high technology business's tax credit claims; and
- (4) Stipulate that failure by a qualified high technology business to submit the annual survey to the Department of Business, Economic Development, and Tourism by the

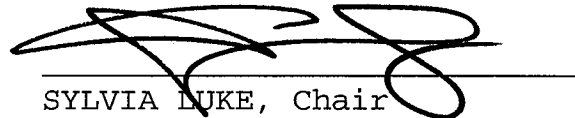


specified due date shall be deemed a waiver of the right to claim the tax credit.

The Department of Taxation and Hawaii Technology Development Corporation supported this measure. The Tax Foundation of Hawaii commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2338 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

HSCR 636-14

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 2338	Committee Referral: FIN	Date: 2/19/2014		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	/			
2. NISHIMOTO, Scott Y. (VC)	/			
3. JOHANSON, Aaron Ling (VC)	/			
4. CULLEN, Ty J.K.	/			
5. HASHEM, Mark J.	/			
6. ING, Kaniela	/			
7. JORDAN, Jo	/			
8. KOBAYASHI, Bertrand				/
9. LOWEN, Nicole E.	/			
10. MORIKAWA, Dee	/			
11. ONISHI, Richard H.K.	/			
12. TAKAYAMA, Gregg	/			
13. TOKIOKA, James Kunane				/
14. WOODSON, Justin H.	/			
15. YAMASHITA, Kyle T.	/			
16. FUKUMOTO, Beth	/			
17. WARD, Gene	/			
TOTAL (17)	15			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____				
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