

Honolulu, Hawaii

February 2, 2018

RE: H.B. No. 2224
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2224 entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY,"

begs leave to report as follows:

The purpose of this measure is to diversify Hawaii's economy, particularly in the high technology sector, by amending the definition of a qualified high technology business, for purposes of eligibility for venture capital investment and favorable tax treatment through the Hawaii Technology Investment Program to include businesses operating a hotel, motel, restaurant, or similar business.

A concerned individual testified in support of this measure. The Hawaii Strategic Development Corporation testified in opposition to this measure.

Your Committee finds that Hawaii must continue efforts to encourage economic diversification and development. The Hawaii Technology Investment Program was established with that goal in mind, particularly in the high technology sector. Your Committee understands the concerns raised by the Hawaii Strategic Development Corporation that businesses operating hotels, motels, or restaurants are not commonly understood to be high technology businesses and therefore inclusion of these businesses may be



contrary to the statutorily mandated purpose of the Corporation. However, your Committee notes that technological advances are occurring in all sectors of business and the exclusion of any business from participation in the High Technology Investment Program may actually hinder economic development and diversification.

Accordingly, your Committee has amended this measure by deleting all statutory language excluding various business sectors from the definition of qualified high technology business for purposes of eligibility for participation in the Hawaii Technology Investment Program. This will allow qualified businesses from every sector to participate in opportunities for venture capital investments and favorable tax treatment under the program.

Your Committee has also amended this measure by:

- (1) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments 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. 2224, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2224, H.D. 1, and be referred to your Committee on Finance.

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



CINDY EVANS, Chair



