STAND. COM. REP. NO. 391218

Honolulu, Hawaii

February 14, 2018

RE: H.B. No. 2599

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. 2599 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to diversify Hawaii's economy by establishing a nonrefundable income tax credit for small business research and development activities within the State.

The Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii testified in support of this measure. The Department of Taxation, Hawaii Technology Development Corporation, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

(1) Deleting language creating a new nonrefundable tax credit for small business research and development activities within the State and instead amending the tax credit for research activities currently contained in the Hawaii Revised Statutes to allow small business research and development activities within the State to claim the credit;

- (2) Inserting language eliminating the need for a small business to file a survey with the Department of Business, Economic Development and Tourism as required under Hawaii's tax credit for research activities law;
- (3) Specifying that the tax credit for research activities for small businesses shall not expire on December 31, 2019;
- (4) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (5) 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. 2599, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2599, 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



State of Hawaii House of Representatives The Twenty-ninth Legislature

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB2G99	Committee Referral: EDB / FIN	Date:	2/7/18	
☐ The committee is reconsidering its pre	evious decision on the measure.			
	s, unamended (as is) Pa s short form bill with HD to reco	ss, with amendments (
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. EVANS, Cindy (C)				•
2. KEOHOKALOLE, Jarrett (VO				
3. HOLT, Daniel				
4. ICHIYAMA, Linda			13.000	
5. JOHANSON, Aaron Ling			X -2-5-7	
6. YAMASHITA, Kyle T.				
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7. MATSUMOTO, Lauren Kealo	ohilani /		per company of exhibiting and the second exh	
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TOTAL (7)	6			1
,	dopted	did not suppor	rt recommendation	
Vice Chair's or designee's signature:	() A / 2			
Distribution: Original (White) - Comm	nittee Duplicate (Yellow)	- Chief Clerk's Office	Duplicate (P	ink) – HMSO