

STAND. COM. REP. NO. **2730**

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 3000
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 3000, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INNOVATION BUSINESS,"

begs leave to report as follows:

The purpose and intent of this measure is to support Hawaii-based businesses involved in research and development.

Specifically, this measure establishes the Research and Development Program within the Hawaii Technology Development Corporation to:

- (1) Support product development, technology transfer, and commercialization;
- (2) Provide funding to assist Hawaii-based businesses to reach commercial success and achieve significant product development;
- (3) Retain in, and attract to, Hawaii technology employees, engineers, and scientists; and
- (4) Keep technology companies in Hawaii.

Your Committee received written comments in support of this measure from the Hawaii Technology Development Corporation; Makai



Ocean Engineering, Inc.; Oceanit Laboratories, Inc.; Navatek; Chamber of Commerce Hawaii; Oahu County Committee Legislative Priorities Committee of the Democratic Party of Hawaii; and three individuals.

Your Committee received written comments on this measure from the Department of Budget and Finance.

Your Committee finds that the vision of the Hawaii Technology Development Corporation is to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by the year 2030. This measure will help to expand the benefits provided by federal research and development tax credits to Hawaii companies, by providing additional funding for those companies to develop their products, reach technical milestones, and achieve commercial success.

Your Committee has amended this measure by:

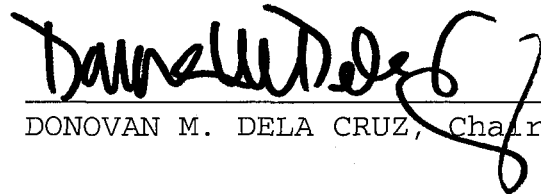
- (1) Clarifying that the activities of the Research and Development Program shall be subject to available funds;
- (2) Clarifying language concerning the duties of the program;
- (3) Specifying how proof of federal research and development tax credits received by Hawaii-based small businesses shall be provided to the program;
- (4) Clarifying that funding provided by the program shall be in the form of a grant;
- (5) Defining the terms "Hawaii-based small business" and "resident";
- (6) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (7) Making technical nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B.



No. 3000, S.D. 1, as amended herein, and recommends that it pass
Third Reading in the form attached hereto as S.B. No. 3000,
S.D. 2.

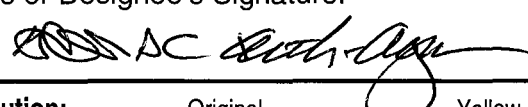
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 3000, SDI	Committee Referral: ETT, WAM	Date: 2/25/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KIDANI, Michelle N.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
TOTAL	10	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes