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Statement of  
**Karl K. Fooks**  
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Before the  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, & TECHNOLOGY**

Monday, March 19, 2018  
1:35 PM  
State Capitol, Conference Room 414

With Comments on

**HB 2224 HD1**  
**RELATING TO HIGH TECHNOLOGY**

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee on Economic Development, Tourism, & Technology:

The Hawaii Strategic Development Corporation (HSDC) **provides comments on** HB 2224 HD1, which amends the definition of "qualified high technology business" to remove exclusions of various businesses from eligibility from participation in the Hawaii Technology Investment Program.

Under the amended definition of a high technology business, to qualify for an investment under the Technology Investment Program, a company will still have to conduct more than fifty per cent of its activities in performing qualified research in this State; or receive more than fifty per cent of its gross income derived from qualified research.

Qualified research is defined as

- 1) The same as in section 41(d) of the Internal Revenue Code;
- 2) The development and design of computer software using fourth generation or higher software development tools or native programming languages to design and construct unique and specific code to create applications and design databases for sale or license; or
- 3) Biotechnology, provided that more than fifty per cent of the business' activities are qualified research.

Thank you for the opportunity to provide testimony.