

Honolulu, Hawaii

APR 26 2019

RE: S.B. No. 1314
S.D. 1
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1314, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to amend the provisions of the high technology research income tax credit and extend its operation.

Specifically, this measure:

- (1) Amends the tax credit for research activities so that references to the base amount in section 41 of the Internal Revenue Code shall not apply, and credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years; and



- (2) Extends the tax credit for research activities through 2024.

Your Committee on Conference finds that this measure is intended to support the growth of Hawaii's technology industry.

Your Committee on Conference has amended this measure by:

- (1) Transferring certification duties from the Department of Taxation to the Department of Business, Economic Development, and Tourism;
- (2) Establishing an annual aggregate cap amount of \$5,000,000 on the tax credit for research activities;
- (3) Expanding the Department of Business, Economic Development, and Tourism's reporting requirements to include identifying taxpayers who apply for the tax credit for research activities;
- (4) Repeals the tax credit for research activities on December 31, 2024;
- (5) Changing the effective date from July 1, 2030, to upon its approval; and
- (6) Making technical nonsubstantive amendments for purposes of consistency, clarity, and style.

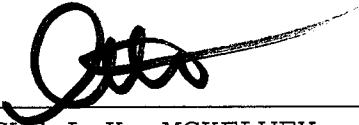
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1314, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1314, S.D. 1, H.D. 1, C.D. 1.



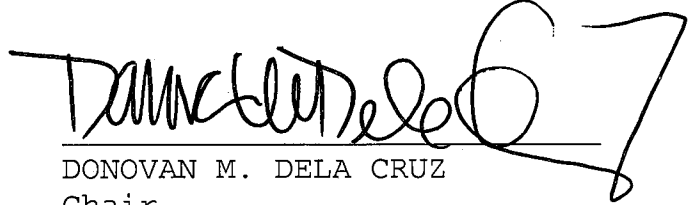
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



ANGUS L.K. MCKELVEY
Co-Chair



DONOVAN M. DELA CRUZ
Chair



LISA KITAGAWA
Co-Chair



GILBERT S.C. KEITH-AGARAN
Co-Chair



Hawai'i State Legislature

CCR133

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 1314, SD 1, HD 1	Date/Time: 4-25-19 / 3:49 p.m.
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
DELA CRUZ, Donovan M., Chr.	/				MCKELVEY, Angus L.K., Co-Chr.	/			
KEITH-AGARAN, Gilbert S.C., Co-Chr.	/				KITAGAWA, Lisa, Co-Chr.	/			
FEVELLA, Kurt	/				CULLEN, Ty J.K.	/			
					MCDERMOTT, Bob	/			
TOTAL	3				TOTAL	4			

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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Distribution:

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