

STAND. COM. REP. NO.

900

Honolulu, Hawaii

MAR 1 - 2019

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

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1314 entitled:

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

begs leave to report as follows:

The purpose and intent 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 received testimony in support of this measure from Gabriel Health, Inc.; Hawaii Aerospace Corporation; Makai Ocean Engineering, Inc.; Nalu Scientific, LLC; Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii; Oceanit; Smart Yields; Tapiki; and eight individuals.



Your Committee received comments on this measure from the Department of Taxation, Hawaii Technology Development Corporation, and Tax Foundation of Hawaii.

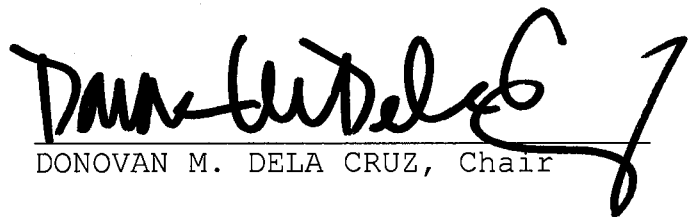
Your Committee finds that this measure is intended to support the growth of Hawaii's technology industry.

Your Committee has amended this measure by:

- (1) Applying the measure to taxable years beginning after December 31, 2019;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive amendments for purposes of consistency, clarity, and style.

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. 1314, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1314, S.D. 1, and be placed on the calendar for Third Reading.

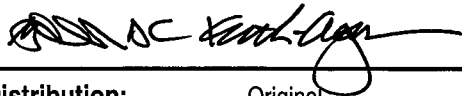
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 1314	Committee Referral: WAM	Date: 2/20/19		
<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			
HARIMOTO, Breene				X
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil				X
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
TOTAL	11			2
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