

STAND. COM. REP. NO.

746

Honolulu, Hawaii

FEB 28 2019

RE: S.B. No. 965
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. 965 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to extend the tax credit for research activities to an unspecified date and to increase the amount of the tax credit from one hundred percent to one hundred twenty-five percent of the allowed federal tax credit.

Your Committee received testimony in support of this measure from the Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii; Makai Ocean Engineering, Inc.; Maui Chamber of Commerce; and one individual.

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 state investments made through tax credits should be awarded to businesses that not only conduct research and development in Hawaii, but also remain in Hawaii after claiming the tax credits.



Your Committee has amended this measure by:

- (1) Adding a recapture provision for businesses or taxpayers that claim the tax credit and leave the State within five years;
- (2) Repealing the June 30 deadline for a qualified high technology business to file the annual survey required for claiming the tax credit;
- (3) Changing the proportions of the federal tax credit that are allowed to be claimed to unspecified amounts; and
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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. 965, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 965, S.D. 1, and be placed on the calendar for Third Reading.

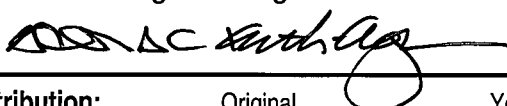
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


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.:*	Committee Referral:	Date:
SB965	WAM	2/11/19
<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	10	3
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