

Honolulu, Hawaii

FEB 14 , 2020

RE: H.B. No. 2716
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Water, Land, & Hawaiian Affairs, to which was referred H.B. No. 2716 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish an ocean sciences research income tax credit to foster research and development to expand and diversify Hawaii's economy.

Your Committee received testimony in support of this measure from one individual. Your Committee received comments on this measure from the Department of Taxation, Natural Energy Laboratory of Hawaii Authority, and Makai Ocean Engineering.

Your Committee finds that encouraging investment in innovation contributes greatly to economic growth. Your Committee further finds that with Hawaii's unique geography, investing in ocean sciences is an intrinsic and essential part of sustainability. This measure promotes economic growth by encouraging investment in research and development in ocean sciences through the provision of an income tax credit.

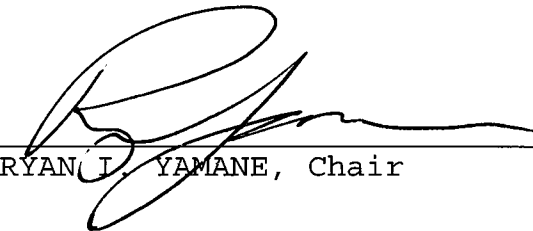
Your Committee has amended this measure by:



- (1) Limiting eligibility for the tax credit to small businesses and defining "small business";
- (2) Setting the amount of the tax credit to the actual cost paid with an investment made into a qualified entity, rather than a percentage of the investment made to the qualified entity;
- (3) Clarifying that no other tax credit may be claimed for expenses or costs paid with an investment made into a qualified entity for which an ocean sciences research tax credit was claimed;
- (4) Changing the effective date to taxable years beginning after January 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water, Land, & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2716, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2716, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, &
Hawaiian Affairs,


RYAN I. YAMANE, Chair



