

STAND. COM. REP. NO.

2773

Honolulu, Hawaii

FEB 14 2020

RE: S.B. No. 3035

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 3035 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish the
ocean sciences research tax credit to foster research and
development in ocean sciences.

Your Committee received testimony in support of this measure
from the Natural Energy Laboratory of Hawaii Authority; Makai
Ocean Engineering, Inc.; Chamber of Commerce Hawaii; and one
individual. Your Committee received comments on this measure from
the Department of the Attorney General, Department of Taxation,
and Tax Foundation of Hawaii.

Your Committee finds that Hawaii needs to focus on new and
innovative ways of bringing in money to support high-demand jobs
for Hawaii's economy to flourish. The geographical location of
Hawaii makes research and development in ocean sciences an
essential part of the State's sustainability goals and promotes
the creation of innovation and technology that are beneficial to
enhancing the State's economy. Your Committee finds that Hawaii
is a prime location to be a leader in ocean sciences and has the
natural resources to attract different business and revenues to
the State. Focusing on the research and development industry for



ocean sciences will create a wide range of highly-skilled workers and high-paying jobs for people in the State. This measure will diversify the State's economy and bring in new jobs in ocean sciences, research, and development.

Your Committee has amended this measure by:

- (1) Prohibiting a qualified entity from claiming other tax credits for expenses or costs paid with an investment made into a qualified entity for which an ocean sciences research tax credit was claimed;
- (2) Defining "small business" to mean a business that employs ten or less employees and has revenues of less than \$1,000,000 a year;
- (3) Making this measure apply to taxable years beginning after December 31, 2020; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3035, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3035, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,



GLENN WAKAI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:* SB 3035	Committee Referral: EET, NAM	Date: 2/12/2020		
<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
WAKAI, Glenn (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
INOUE, Lorraine R.	✓			
KEOHOKALOLE, Jarrett	✓			
FEVELLA, Kurt				✓
TOTAL	4	0	0	1
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