Honolulu, Hawaii

, 2021 FEB 17

H.B. No. 912 RE:

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2021 State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 912 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDIT FOR RESEARCH ACTIVITIES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Consolidate the survey and certification requirements for the Research Activities Tax Credit;
- (2) Require the certification on a first come, first served basis by date subject to certain conditions; and
- Add a cap for the taxpayer and related entities.

Your Committee received testimony in support of this measure from the Department of Taxation; Department of Business, Economic Development, and Tourism; and Hawaii Technology Development Corporation. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the tax credit for research activities is important to the success of local research and high technology companies, as it allows these companies to remain

competitive with mainland companies. This measure provides further clarity and consistency in the administration of the tax credit to foster job growth and diversify the State's economy.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (2) 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 Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 912, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 912, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Economic Development,

SEAN QUINLAN, Chair

State of Hawaii House of Representatives The Thirty-first Legislature H SCR 281

Record of Votes of the Committee on Economic Development

Bill/Resolution No.:	Committee Referral:	Date	2/12/2	
θ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: θ Pass, unamended (as is) θ Pass, with amendments (HD) θ Hold θ Pass short form bill with HD to recommit for future public hearing (recommit)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. QUINLAN, Sean (C)			7	
2. HOLT, Daniel (VC)				,
3. BELATTI, Della Au	Marie			
4. KOBAYASHI, Dale T.				
5. ONISHI, Richard H.K.				
6. SAYAMA, Jackson D.				
7. TAKAYAMA, Gregg				
8. OKIMOTO, Val				
	T	244		D)
TOTAL (8)	\$7	0	0	101"
The recommendation is: O Adopted O Not Adopted did not support recommendation. copymittee 4cronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				