

STAND. COM. REP. NO.

281

Honolulu, Hawaii

FEB 17 , 2021

RE: H.B. No. 912
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
- (3) 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

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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



