

STAND. COM. REP. NO. 1246-22

Honolulu, Hawaii

MAR 23 , 2022

RE: S.B. No. 2599
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred
S.B. No. 2599, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the tax credit for
research activities by:

- (1) Adding a cap for an eligible taxpayer and its related
entities per taxable year;
- (2) Consolidating the survey and certification requirements
for the tax credit;
- (3) Increasing the annual aggregate cap; and
- (4) Requiring certification on a first-come, first-served
basis, to be determined on the date a complete
application is received.

Your Committee received testimony in support of this measure
from the Hawaii Technology Development Corporation; Oceanit; Makai
Ocean Engineering, Inc.; and one individual. Your Committee

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received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Department of Budget and Finance; and 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 October 18, 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 S.B. No. 2599, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2599, S.D. 1, 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



