

STAND. COM. REP. NO.

1172

Honolulu, Hawaii

MAR 03 , 2023

RE: H.B. No. 1193
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1193, H.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:

- (1) Extend the repeal date of the tax credit for research activities for an additional five years;
- (2) Add a maximum amount on the tax credit for research activities that a taxpayer and its related entities may be eligible for;
- (3) Consolidate the survey and certification requirements for the tax credit for research activities;
- (4) Change the annual aggregate amount of the tax credit for research activities to an unspecified amount;
- (5) Require certification of the tax credit for research activities on a first-come, first-served basis to be based on the date that a complete application is received, subject to certain conditions; and



- (6) Require a qualified high technology business and at least seventy-five percent of its employees to occupy a business address and location in the State to qualify for the tax credit for research activities.

Your Committee received testimony in support of this measure from Makai Ocean Engineering, Inc. Your Committee received comments on this measure from the Department of Taxation, Hawaii Technology Development Corporation, Oceanit, and Tax Foundation of Hawaii.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1193, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



KYLE T. YAMASHITA, Chair



