

STAND. COM. REP. NO. 294-24

Honolulu, Hawaii

FEB 13, 2024

RE: H.B. No. 1957  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred  
H.B. No. 1957 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Narrow the qualifying criteria for the tax credit for research activities to applicants who are small businesses registered in the State;
- (2) Increase the maximum amount of tax credit for research activities that can be certified per year; and
- (3) Extend the sunset date of the tax credit for research activities for an additional five years.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Technology Development Corporation; Oceanit; Simonpietri Enterprises LLC; Chamber of Commerce Hawaii; Nalu Scientific, LLC; Hispanic Chamber of Commerce Hawaii; Hawaii Food Industry Association; and Ho'onui LLC. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

2024-1296 HB1957 HD1 HSCR HMSO



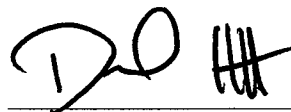
Your Committee finds that research activities have been shown to be effective in stimulating regional or state technology, research, and development sectors. Your Committee further finds that for the past two years, the existing maximum amount of \$5,000,000 for the tax credit for research activities was reached almost as soon as the online applications were opened on March 1 of each year. This measure will increase the maximum amount of the tax credit for research activities while narrowing the qualifying criteria for the tax credit to small businesses to allow for more research and development companies to qualify for the credit and benefit small businesses in the research sector.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, 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. 1957, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1957, H.D. 1, and be referred to your Committee on Finance.

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



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DANIEL HOLT, Chair



