

STAND. COM. REP. NO. 1793-24

Honolulu, Hawaii

APR 05 , 2024

RE: S.B. No. 2497
S.D. 2
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 Finance, to which was referred S.B. No. 2497, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

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

- (1) Repealing the provision that excluded the applicability of the base amount in the Internal Revenue Code in determining qualified research expenses;
- (2) Changing the total amount of certified credits to an unspecified sum;
- (3) Extending the sunset date of the tax credit by five years; and
- (4) Narrowing the qualifying criteria for the tax credit to qualified high technology businesses that are small businesses registered in the State.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and

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Tourism; Hawaii Technology Development Corporation; Hawaii Food Industry Association; Nalu Scientific, LLC; Chamber of Commerce Hawaii; HNu-Photonics, LLC; PacMar Technologies; Simonpietri Enterprises LLC; and one individual. Your Committee received comments on this measure from the Department of Taxation; Oceanit; and Makai Ocean Engineering, Inc.

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 S.B. No. 2497, S.D. 2, 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



