

Honolulu, Hawaii

FEB 12 2025RE: S.B. No. 338
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred
S.B. No. 338 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to, for taxable
years beginning after December 31, 2025:

- (1) Temporarily reinstate the Technology Infrastructure
Renovation Tax Credit; and
- (2) Expand the definition of "technology-enabled
infrastructure" to include data servers.

Your Committee received testimony in support of this measure
from Servpac, Charter Communications, and Hawaiian Telecom.

Your Committee received comments on this measure from the
Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that investment in local data center
infrastructure is needed to fuel the State's economy and expand
the high-tech sector. Local development will reduce reliance on
the continental United States and enhance resilience in the event
of global supply chain disruptions. This measure incentivizes
this progress by temporarily reinstating the Technology



Infrastructure Renovation Tax Credit and including data centers in its applicable uses.

Your Committee has amended this measure by:

- (1) Requiring the Department of Taxation to submit a report to the Legislature before the Regular Session of 2029 on the collection of the Technology Infrastructure Renovation Tax Credit;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 338, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 338, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor and
Technology,


HENRY J. AQUINO, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Labor and Technology
LBT

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">5B338</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">LBT, WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/7/25</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
AQUINO, Henry J.C. (C)	x			
LEE, Chris (VC)	x			
IHARA, Jr., Les				x
MORIWAKI, Sharon Y.	x			
FEVELLA, Kurt				x
TOTAL	3			2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 1.5em; font-family: cursive; margin-top: 20px;">CCM</div>				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes