

Honolulu, Hawaii  
**MAR 01**, 2024

RE: H.B. No. 1957  
H.D. 2

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 H.B. No. 1957, H.D. 1, 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 Research Activities Tax Credit to qualified high technology businesses that are small businesses registered in the State;
- (2) Increase the maximum amount of tax credits that can be certified per year; and
- (3) Extend the sunset date of the Research Activities Tax Credit by five years.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Technology Development Corporation; Hawaii Food Industry Association; Oceanit; and Chamber of Commerce Hawaii. Your Committee received comments on this measure from the Department of Taxation; VisionSafe Corporation; and Tax Foundation of Hawaii.



Your Committee has amended this measure by:

- (1) Repealing the provision that excluded the applicability of the base amount in the Internal Revenue Code in determining qualified research expenses; 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1957, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1957, H.D. 2.

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



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KYLE T. YAMASHITA, Chair



