

Honolulu, Hawaii

**FEB 12 2025**RE: 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.:* <b>5B339</b>	Committee Referral: <b>LBT, WAM</b>	Date: <b>2/7/25</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
AQUINO, Henry J.C. (C)	x			
LEE, Chris (VC)	y			
IHARA, Jr., Les				x
MORIWAKI, Sharon Y.	x			
FEVELLA, Kurt				x
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">OCM</div>				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office            Drafting Agency        Committee File Copy				

\*Only one measure per Record of Votes