

STAND. COM. REP. NO. 380 -10

Honolulu, Hawaii

FEB 12, 2010

RE: H.B. No. 2984

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 2984 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this bill is to continue to promote research activities by extending the Tax Credit for Research Activities for one year.

The Chamber of Commerce of Hawaii; High Technology Development Corporation; Archinoetics, LLC; Pukoa Scientific; Aurora Research, LLC; and several concerned individuals testified in support of this bill. The Hawaii Science & Technology Council supported the intent of this measure. The Department of Taxation testified in opposition to this bill. The Tax Foundation of Hawaii provided comments.

Given the State's fiscal situation and the economic importance of the Tax Credit for Research Activities, your Committee respectfully requests the Committee on Finance to which this bill is next referred to examine the deferability and non-refundability aspects of this credit to make it as revenue neutral as possible.

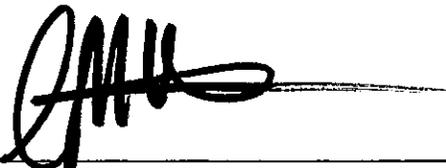


Your Committee has amended this bill by:

- (1) Repealing section 235-110.51, Hawaii Revised Statutes (HRS), the Technology Infrastructure Renovation Tax Credit, and section 235-110.9, HRS, the High Technology Business Investment Tax Credit, immediately upon the enactment of this Act;
- (2) Adding a savings clause; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2984, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2984, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization, Business, &
Military Affairs,



ANGUS L.K. MCKELVEY, Chair



