

STAND. COM. REP. NO.

628

Honolulu, Hawaii

March 6, 2015

RE: H.B. No. 1172

H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1172 entitled:

"A BILL FOR AN ACT RELATING TO RESEARCH ACTIVITIES,"

begs leave to report as follows:

The purpose of this measure is to provide that, notwithstanding the provisions of the Internal Revenue Code to the contrary, the amount of the state income tax credit for research activities shall be calculated based on all qualified research expenses for the taxable year instead of on the increase of expenses over past years.

Pacific Shipyards International; Hawaii Evolutionary Development, LLC; Chamber of Commerce Hawaii; Cardax, Inc.; Oceanit; Navatek Ltd.; and numerous individuals supported this measure. The Department of Taxation opposed this measure. The High Technology Development Corporation and Tax Foundation of Hawaii commented on this measure.

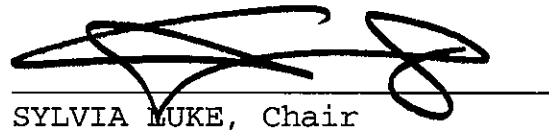
Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2030, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for 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. 1172, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1172, H.D. 1, and be placed on the calendar for Third Reading.

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

  
\_\_\_\_\_  
SYLVIA LUKE, Chair

State of Hawaii  
House of Representatives  
The Twenty-eighth Legislature

HSCR 628

**Record of Votes of the Committee on Finance**

<b>Bill/Resolution No.:</b> HB 1172	<b>Committee Referral:</b> FIN	<b>Date:</b> 3/4/15		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	/			
2. NISHIMOTO, Scott Y. (VC)	/			
3. CACHOLA, Romy M.	/			
4. CULLEN, Ty J.K.	/			
5. DECOITE, Lynn	/			
6. JOHANSON, Aaron Ling	/			
7. JORDAN, Jo	/			
8. KEOHOKALOLE, Jarrett	/			
9. KOBAYASHI, Bertrand	/			
10. LOWEN, Nicole E.	/			
11. ONISHI, Richard H.K.	/			
12. TOKIOKA, James Kunane	/			
13. YAMASHITA, Kyle T.	/			
14. POUHA, Feki	/			
15. WARD, Gene	/			
<b>TOTAL (15)</b>	14 <sup>5/14/15</sup>	1		
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
<b>Vice Chair's or designee's signature:</b> _____				
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