STAND. COM. REP. NO. 1406

Honolulu, Hawaii

MAR 22

, 2019

RE: S.B. No. 965

S.D. 1

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2019 State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred S.B. No. 965, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase the state tax credit for research activities to an unspecified portion of the allowable federal tax credit;
- (2) Allow for the recapturing of the credit if the business no longer qualifies within a five-year period after the credit was first claimed; and
- (3) Amend the qualifying tax years.

The O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, Makai Ocean Engineering, Inc., Maui Chamber of Commerce, The Chamber of Commerce Hawaii, and a concerned individual testified in support of this measure. The Department of Taxation, Hawaii Technology Development Corporation, and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by changing its effective date to July 1, 2112.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 965, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 965, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Economic Development & Business,

ANGUS L.K. McKELVEY, Chair

## State of Hawaii House of Representatives The THIRTIETH Legislature

## **Record of Votes of the Committee on Economic Development & Business**

Bill/Resolution No.:  SB 965 SD1	Committee Referral:	Date:	3/20/	19
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)				,
2. KITAGAWA, Lisa (VC)				
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3. ELI, Stacelynn K.M.				
A ICHWANA II			<u> </u>	
4. ICHIYAMA, Linda				
5. JOHANSON, Aaron Ling				
Johanson, Aaron Ling		4		
6. QUINLAN, Sean			2	
	V			
7. YAMASHITA, Kyle T.	V			
8. MATSUMOTO, Lauren			300 1. d. 1	
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TOTAL (8)	8.	Ø	Ø	φ
The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				