

STAND. COM. REP. NO.

471

Honolulu, Hawaii

FEB 15 , 2023

RE: H.B. No. 1193

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred
H.B. No. 1193 entitled:

"A BILL FOR AN ACT RELATING TO THE TAX CREDIT FOR RESEARCH
ACTIVITIES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Extend the repeal date of the tax credit for research activities for an additional five years;
- (2) Add a maximum amount on the tax credit for research activities that a taxpayer and its related entities may be eligible for;
- (3) Consolidate the survey and certification requirements for the tax credit for research activities;
- (4) Change the annual aggregate amount of the tax credit for research activities to an unspecified amount;
- (5) Require certification of the tax credit for research activities on a first-come, first-served basis to be based on the date that a complete application is received, subject to certain conditions; and



- (6) Require a qualified high technology business and at least seventy-five percent of its employees to occupy a business address and location in the State to qualify for the tax credit for research activities.

Your Committee received testimony in support of this measure from the Hawai'i Technology Development Corporation; Makai Ocean Engineering, Inc.; Oceanit; and two individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the tax credit for research activities was highly sought after, as the entire \$5,000,000 amount of the tax credit was claimed in the first twenty-three seconds after applications for the tax credit opened. Your Committee believes that adding a maximum amount of tax credits that a taxpayer and its related entities may be eligible for and changing the annual aggregate cap amount of tax credits allowed in a calendar year will allow more technology companies to apply for and claim the tax credit for research activities.

Your Committee further finds that certain procedures concerning the collection of information and approval of applications for the tax credit for research activities can be improved. Your Committee also finds that collecting the survey information at the same time the certification is applied ensures that all surveys will be completed and an accurate report based on the surveys can be generated. Your Committee additionally finds that certifying credits on a first-come, first-served basis, based on the date that a complete application is received by the Department of Business, Economic Development, and Tourism and on a pro rata basis, will clearly indicate which business may claim the tax credit.

Your Committee has amended this measure by changing its effective date to June 30, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1193, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1193, H.D. 1, and be referred to your Committee on Finance.



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

DH

DANIEL HOLT, Chair



State of Hawaii
 House of Representatives
 The Thirty-second Legislature

HSCR 4711

Record of Votes of the Committee on Economic Development

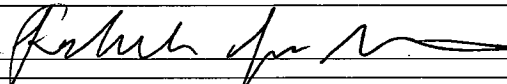
Bill/Resolution No.: HB1193	Committee Referral: ECD, FIN	Date: 2/8/23
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The committee is reconsidering its previous decision on the measure.

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)

ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. HOLT, Daniel (C)	/			
2. LAMOSAO, Rachele F. (VC)	/			
3. HUSSEY-BURDICK, Natalia	/			
4. KONG, Sam Satoru	/			
5. NAKAMURA, Nadine K.	/			
6. QUINLAN, Sean	/			
7. PIERICK, Elijah	/			
TOTAL (7)	7			

The recommendation is: Adopted Not Adopted
 If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: 

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