

STAND. COM. REP. NO. 1798

Honolulu, Hawaii

APR 06 2023

RE: H.B. No. 1193
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1193, H.D. 1, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the administration of the tax credit for research activities.

Specifically, the measure:

- (1) Limits to an unspecified amount the amount of tax credits for research activities that an eligible taxpayer and the taxpayer's related entities may receive per taxable year;
- (2) Consolidates the survey and certification requirements for tax credits for research activities;
- (3) Changes from \$5,000,000 to an unspecified amount the annual aggregate cap on tax credits for research activities that the Department of Business, Economic Development, and Tourism may certify;



- (4) Requires certification of the tax credits 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
- (5) Extends from December 31, 2024, to December 31, 2029, the sunset date for the tax credit.

Your Committee received written comments in support of this measure from the Maui Chamber of Commerce.

Your Committee received written comments in opposition to this measure from two individuals.

Your Committee received written comments on this measure from the Department of Taxation, Hawaii Technology Development Corporation, Oceanit, and Tax Foundation of Hawaii.

Your Committee finds that the tax credit for research activities encourages job growth in research and development. Your Committee also finds that the tax credit fosters diversification of the State's economy by creating and maintaining science, technology, engineering, and mathematics jobs in the State.

Your Committee notes that Senate Bill No. 951, S.D. 2, which was previously passed by the Senate, is a substantially similar measure that:

- (1) Limits to \$1,500,000 the amount of tax credits for research activities that an eligible taxpayer and the taxpayer's related entities may receive per taxable year;
- (2) Consolidates the survey and certification requirements for tax credits for research activities;
- (3) Increases from \$5,000,000 to \$15,000,000 the annual aggregate cap on tax credits for research activities that the Department of Business, Economic Development, and Tourism may certify;



- (4) Requires certification of the tax credits 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
- (5) Extends from December 31, 2024, to December 31, 2029, the sunset date for the tax credit.

Your Committee has amended this measure by deleting its contents and inserting the contents of Senate Bill No. 951, S.D. 2.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1193, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1193, H.D. 1, S.D. 2.


Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1193 HD1 SD1	EET, WAM	3/30/23		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes