

Honolulu, Hawaii

**FEB 06 2023**

RE: S.B. No. 302  
S.D. 1

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

Sir:

Your Committee on Labor and Technology, to which was referred S.B. No. 302 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Temporarily reinstate the technology infrastructure renovation tax credit;
- (2) Define "data server"; and
- (3) Expand the definition of "technology-enabled infrastructure" to include data servers.

Your Committee received testimony in support of this measure from the Hawaii Technology Development Corporation and Servpac Incorporated. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the technology infrastructure renovation tax credit was enacted in 2001 to incentivize the development of high technology infrastructure and encourage the growth of high technology businesses and associated industries in the State. Your Committee recognizes that technology has advanced since the tax credit was first enacted. According to testimony



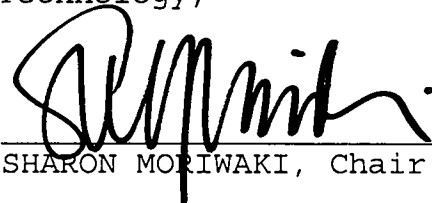
from the Hawaii Technology Development Corporation, cloud software, which is powered by data servers, has become an essential part of every business and increasing the amount of technology infrastructure in the State will help to keep high-tech and innovation jobs in Hawaii.

Your Committee has amended this measure by:

- (1) Adopting language recommended by the Department of Taxation to make the technology infrastructure renovation tax credit applicable to taxable years ending on or after December 31, 2023, and beginning on or before December 31, 2025;
- (2) Inserting an effective date of January 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 302, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 302, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor and  
Technology,



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SHARON MORIWAKI, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Labor and Technology**  
**LBT**

Bill / Resolution No.:* <b>SB 302</b>	Committee Referral: <b>LBT, WAM</b>	Date: <b>1/30/23</b>
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The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312    
  Pass, with amendments 2311    
 Hold 2310    
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
MORIWAKI, Sharon Y. (C)	✓			
LEE, Chris (VC)	✓			
IHARA, Jr., Les				✓
KEITH-AGARAN, Gilbert S.C.				✓
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>3</b>			<b>2</b>

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature:

Distribution:    
Original    
Yellow    
Pink    
Goldenrod  
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\*Only one measure per Record of Votes