STAND. COM. REP. NO. 667

Honolulu, Hawaii

MAR 0 2 2023

RE: S.B. No. 302

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 S.B. No. 302, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the renovation of technology infrastructure in the State.

Specifically, the measure would achieve this purpose by:

- (1) Temporarily reinstating the technology infrastructure renovation tax credit; and
- (2) Expanding the definition of "technology-enabled infrastructure" to include data servers.

Your Committee received written comments in support of this measure from the Hawaii Technology Development Corporation, the Chamber of Commerce Hawaii, and Servpac.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that, among other things, Act 221, Session Laws of Hawaii 2001, established the technology infrastructure renovation tax credit to incentivize the growth of high technology businesses and associated industries in the State by defraying the cost of renovating commercial buildings with technology-enabled infrastructure. Your Committee notes that the tax credit has not been available since 2010. Your Committee further finds that technology has advanced since the tax credit was originally enacted, and that data centers and fiber optic networks are now driving forces that support the creation and growth of high technology businesses in Hawaii.

Your Committee has amended this measure by:

- (1) Clarifying the taxable years during which the technology infrastructure renovation tax credit shall be available; and
- (2) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

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 S.B. No. 302, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 302, 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.:* SB 302, SD \	Committee LB	Referral: T, WAM	Dat	Date: 2/15/23	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 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.		×			
WAKAI, Glenn		X			
FEVELLA, Kurt		×			
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TOTAL		t l			2
Recommendation: Mot Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes