

STAND. COM. REP. NO. 3129

Honolulu, Hawaii

**MAR 20 2024**

RE: H.B. No. 1784  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred H.B. No. 1784, H.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 temporarily reinstate the Technology Infrastructure Renovation Tax Credit for taxable years beginning after December 31, 2023, and sunseting for taxable years beginning after December 31, 2026, and expand the definition of "technology-enabled infrastructure" to include data servers.

Your Committee received testimony in support of this measure from Servpac and Hawaiian Electric.

Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Charter Communications, Chamber of Commerce Hawaii, and Hawaiian Telcom.

Your Committee finds that upgrading and modernizing equipment necessary for data storage will improve resilience against physical damage caused by weather-related events and cybersecurity threats and ensure the continued, uninterrupted provision of services to Hawaii businesses, state government, satellite agencies, and residents. Leveraging modern and up-to-date



technology to support critical operation systems is a significant benefit of data center operations, where one of the core missions is to stay at the forefront of technological advancements, enabling reliable data access. Therefore, this measure will promote modernization and increase the reliability of State technological equipment through tax incentives.

Your Committee has amended this measure by:

- (1) Repealing language that limits the application of the Technology Infrastructure Renovation Tax Credit to renovation costs incurred for commercial buildings;
- (2) Extending the reinstatement of the tax credit by one taxable year, making it applicable to taxable years beginning after December 31, 2024, and sunseting for taxable years beginning after December 31, 2027;
- (3) Amending the definition of "renovation costs" to include costs incurred to repair, replace, monitor, test, or purchase of technology enabled infrastructure machinery;
- (4) Clarifying that the definition of "technology-enabled infrastructure" includes high speed telecommunications systems that provide, in whole or in part, internet access, direct satellite communications access, and videoconferencing facilities;
- (5) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (6) 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 H.B. No. 1784, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1784, H.D. 1, 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,



HENRY J.C. AQUINO, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

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

Bill / Resolution No.:* <b>HB1784 HD1</b>	Committee Referral: <b>LBT, WAM</b>	Date: <b>3/13/24</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
AQUINO, Henry J.C. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
IHARA, Jr., Les	X			
LEE, Chris	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<b>5</b>			

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature: \_\_\_\_\_

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**\*Only one measure per Record of Votes**