

Honolulu, Hawaii

APR 26 2024

RE: S.B. No. 2497  
S.D. 2  
H.D. 1  
C.D. 1

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

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2497, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Repeal the provision that made references to the base amount in the Internal Revenue Code inapplicable to the Research Activities Tax Credit and allowed credits for all qualified research expenses to be taken without regard to previous years' expenses;
- (2) Narrow the qualifying criteria for research activities tax credits to applicants who are small businesses registered in the State;



- (3) Amend the maximum amount of tax credits that can be certified per year; and
- (4) Extend the sunset date of the research activities tax credit to December 31, 2029.

Your Committee on Conference finds that research activities help to stimulate the State's economy and create beneficial employment opportunities for residents. Currently, the State's Research Activity Tax Credit is scheduled to expire after this taxable year. This measure extends the tax credit through 2029 to further support distribution of tax credits to qualified companies and to stimulate the local economy and create quality jobs in the State.

Your Committee on Conference has amended this measure by:

- (1) Removing language that would have amended the maximum amount of research activities tax credits that can be certified per year;
- (2) Clarifying that "small business" means a company with no more than five hundred employees;
- (3) Making it effective upon its approval; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

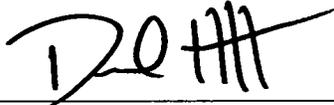
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2497, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2497, S.D. 2, H.D. 1, C.D. 1.



Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



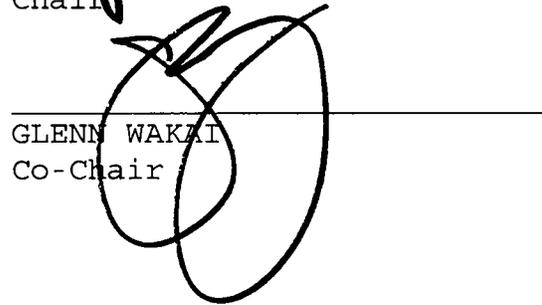
DANIEL HOLT  
Co-Chair



LYNN DECOITE  
Chair



RACHELE LAMSAO  
Co-Chair



GLENN WAKAI  
Co-Chair



Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: <b>SB 2497, SD 2, HD 1</b>	Date/Time: <b>4-26-24, 4:35pm</b>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

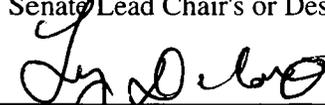
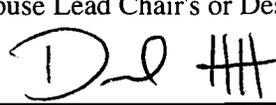
The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
DECOITE, Lynn, Chr.	✓				HOLT, Daniel, Co-Chr.	✓			
WAKAI, Glenn, Co-Chr.	✓				LAMOSAO, Rachele F., Co-Chr.	✓			
FEVELLA, Kurt				✓	GARRETT, Andrew Takuya	✓			
					KONG, Sam Satoru	✓			
					PIERICK, Elijah				✓
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>

A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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**Distribution:**      **Original**      **Yellow**      **Pink**      **Goldenrod**  
*File with Conference Committee Report      House Clerk's Office      Senate Clerk's Office      Drafting Agency*