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Honolulu, Hawaii

MAR 0 1 2024

RE: S.B. No. 2497

S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2497, 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 encourage high technology research in the State.

Specifically, this measure amends the tax credit that is available for research activities by:

- (1) Increasing the total amount of certified credits to an unspecified sum;
- (2) Extending the sunset date of the credit; and
- (3) Amending the definition of the term "qualified high technology business."

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Technology Development Corporation; Hawaii Food Industry Association; Chamber of Commerce Hawaii; H Nu Photonics LLC; PacMar Technologies; Nalu Scientific, LLC; and two individuals.

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

Your Committee finds that research activities stimulate the State's economy and create beneficial employment opportunities for residents. Your Committee further finds that the amendments made by this measure to the tax credit available for research activities will allow for a wider distribution of tax credits to qualified companies.

Your Committee has amended this measure by amending the definition of the term "qualified high technology business" to remove the requirement that the employees of a business's affiliates be included when determining the number of employees that the business employs.

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. 2497, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2497, S.D. 2.

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

DONOVAN M. DELA CRUZ, Cha

The Senate Thirty-Second Legislature State of Hawai'i

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:* SB 2497 SD 1	Committee EET	Referral: , WAM		Date: 3/ 1/2024	
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			
MORIWAKI, Sharon Y. (VC)		X		-	
AQUINO, Henry J.C.		X			
DECOITE, Lynn		X			
HASHIMOTO, Troy N.		Х			
INOUYE, Lorraine R.		X			
KANUHA, Dru Mamo		X		·	
KIDANI, Michelle N.		X			
KIM, Donna Mercado		X			
LEE, Chris		X			
SHIMABUKURO, Maile S.L.					X
WAKAI, Glenn		X			/
FEVELLA, Kurt		×			
				·	
TOTAL		12	0	0	1
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original File with Committee Re	Yellow Pink eport Clerk's Office Drafting Ag			Goldenrod Committee File Copy	

*Only one measure per Record of Votes