

Honolulu, Hawaii

FEB 15 2023

RE: S.B. No. 801  
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. 801 entitled:

"A BILL FOR AN ACT RELATING TO QUALIFIED INTERNSHIPS TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a qualified internship income tax credit for employers of qualified interns for taxable years beginning after December 31, 2023;
- (2) Require a report to the Legislature; and
- (3) Appropriate an unspecified amount of funds.

Your Committee received testimony in support of this measure from the Department of Education; Department of Labor and Industrial Relations; Chamber of Commerce Hawaii; HawaiiKidsCAN; FCH Enterprises, Inc.; Kapolei Chamber of Commerce; Hawai'i Gas; and one individual. Your Committee received comments on this measure from the Department of Taxation, University of Hawai'i System; and Tax Foundation of Hawaii.

Your Committee finds that many employers, especially small to medium-sized companies, may encounter difficulties in hiring and



retaining student interns without assistance from the State to offer work-based learning opportunities and increase capacity to host student interns. According to testimony received by your Committee, equitable access to work-based learning opportunities provides all students with the means to obtain the experience and develop the skills necessary to succeed in the workforce.

Your Committee has amended this measure by:

- (1) Replacing the term "privilege period" with "taxable year";
- (2) Requiring the taxpayer to submit an application for initial approval for the tax credit and a certificate of claim to the Department of Labor and Industrial Relations;
- (3) Amending language to require both the Department of Taxation and the Department of Labor and Industrial Relations to submit a report to the Legislature regarding the qualified internship tax credit;
- (4) Extending the deadline for the reports to January 1, 2025;
- (5) Inserting an effective date of January 1, 2050, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee urges the Department of Labor and Industrial Relations to work with the Department of Education and University of Hawaii System to examine how the State can effectively encourage small businesses to take advantage of a qualified internship income tax credit.

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. 801, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 801, 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.:* <i>SB801</i>	Committee Referral: <i>LBT, WAM</i>	Date: <i>2/8/23</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MORIWAKI, Sharon Y. (C)	<i>x</i>			
LEE, Chris (VC)	<i>x</i>			
IHARA, Jr., Les	<i>x</i>			
KEITH-AGARAN, Gilbert S.C.	<i>x</i>			
FEVELLA, Kurt				<i>x</i>
<b>TOTAL</b>	<b>4</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"></div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes