Honolulu, Hawaii

MAR 0 1 , 2024

RE: H.B. No. 1957 H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 1957, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RESEARCH ACTIVITIES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Narrow the qualifying criteria for the Research Activities Tax Credit to qualified high technology businesses that are small businesses registered in the State;
- (2) Increase the maximum amount of tax credits that can be certified per year; and
- (3) Extend the sunset date of the Research Activities Tax Credit by five years.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Technology Development Corporation; Hawaii Food Industry Association; Oceanit; and Chamber of Commerce Hawaii. Your Committee received comments on this measure from the Department of Taxation; VisionSafe Corporation; and Tax Foundation of Hawaii.

2024-1736 HB1957 HD2 HSCR HMSO



Your Committee has amended this measure by:

- (1) Repealing the provision that excluded the applicability of the base amount in the Internal Revenue Code in determining qualified research expenses; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1957, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1957, H.D. 2.

Respectfully submitted on behalf of the members of the Committee on Finance,

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KYLE T. YAMASHITA, Chair

State of Hawaii



Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 1957 HD1	Committe	e Referral: CD, FIN	Date	e: 2/26/7	2024
The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)					
FIN Members		Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)		V			
2. KITAGAWA, Lisa (VC)		/	* val we case it is nother to be contained and	r compression to the first space of the state of	Was sould be a second and the second
3. AIU, Micah P.K.					
4. CHUN, Cory M.					
5. COCHRAN, Elle					
6. GARRETT, Andrew Takuy7. KAHALOA, Kirstin	ya Cabbar katal			SAESSE MARKET SERVE	
8. KILA, Darius K.					
9. KOBAYASHI, Bertrand					
10. LAMOSAO, Rachele F.		V			Basel Halling And Co. Secretary Co.
11. MORIKAWA, Dee					
12. NISHIMOTO, Scott Y.					
13. POEPOE, Mahina					
14. TAKENOUCHI, Jenna	HIZWEIT TUUT TO BURGERING NAMED WAR DE STA	$\overline{}$	000185500001111386003 11344 85 30 1111000001110000011100000111000		in the state of th
15. ALCOS III, David					
16. WARD, Gene					V
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TOTAL (16)		14	0	D	2
The recommendation is:	Adopted joint referral,	□ Not Adopted did not support recommendation. committee acronym(s)			
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					