STAND. COM. REP. NO. 793-24

Honolulu, Hawaii

APR 0 5 ' 2024

RE: S.B. No. 2497

S.D. 2 H.D. 1

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 S.B. No. 2497, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the tax credit for research activities by:

- (1) Repealing the provision that excluded the applicability of the base amount in the Internal Revenue Code in determining qualified research expenses;
- (2) Changing the total amount of certified credits to an unspecified sum;
- (3) Extending the sunset date of the tax credit by five years; and
- (4) Narrowing the qualifying criteria for the tax credit to qualified high technology businesses that are small businesses registered in the State.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and

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Tourism; Hawaii Technology Development Corporation; Hawaii Food Industry Association; Nalu Scientific, LLC; Chamber of Commerce Hawaii; HNu-Photonics, LLC; PacMar Technologies; Simonpietri Enterprises LLC; and one individual. Your Committee received comments on this measure from the Department of Taxation; Oceanit; and Makai Ocean Engineering, Inc.

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 S.B. No. 2497, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

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

ATT QUE

KYLE T. YAMASHITA, Chair

## State of Hawaii House of Representatives The Thirty-second Legislature

## HSCR 1793-24

## **Record of Votes of the Committee on Finance**

Bill/Resolution No.:  SB2497, SD2, HD1	Committee Referral:	Date	2/2024	
☐ 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)				
<ol> <li>KITAGAWA, Lisa (VC)</li> <li>AIU, Micah P.K.</li> </ol>		Miles Varianninis	and the second s	
4. CHUN, Cory M.	V		2.4.3	
5. COCHRAN, Elle				
6. GARRETT, Andrew Takuya	<u> </u>			
<ol> <li>KAHALOA, Kirstin</li> <li>KILA, Darius K.</li> </ol>			The Area Strain and Area Strain	MULTINES OF STREET
9. KOBAYASHI, Bertrand				
10. LAMOSAO, Rachele F.				
11. MORIKAWA, Dee				
12. NISHIMOTO, Scott Y.		S. S. Lindon		
13. POEPOE, Mahina 14. TAKENOUCHI, Jenna		English Control	<b>国理</b> 斯斯基基	řílste zavada z 170
15. ALCOS III, David				
16. WARD, Gene	V			
		-		
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TOTAL (16)	15	U	0	1
The recommendation is:  Adopted  If joint referral, 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				