

Honolulu, Hawaii

MAR 20, 2024

RE: S.B. No. 2527
S.D. 1
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 Higher Education & Technology, to which was referred S.B. No. 2527, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to promote the development of the high technology industry in the State by:

- (1) Temporarily reinstating the Technology Infrastructure Renovation Tax Credit;
- (2) Amending the definition of "renovation costs" to include the repair, replacement, monitoring, and testing of technology-enabled infrastructure machinery; and
- (3) Expanding the definition of "technology-enabled infrastructure" to include data servers.

Your Committee received testimony in support of this measure from Hawaiian Electric; Servpac; and Charter Communications. Your Committee received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; and Chamber of Commerce Hawaii.



Your Committee finds that this measure strengthens the resiliency, development, and expansion of Hawaii's high-technology sector.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that the Department of Taxation indicated that the expected revenue losses for fiscal year 2025-2026 and 2026-2027 are estimated to be \$400,000 and \$500,000, respectively.

As affirmed by the record of votes of the members of your Committee on Higher Education & Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2527, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2527, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education &
Technology,



AMY A. PERUSO, Chair



