

Honolulu, Hawaii

MAR 06 , 2026

RE: H.B. No. 2546  
H.D. 2

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Madame:

Your Committee on Finance, to which was referred H.B. No. 2546, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the Research Activities Tax Credit by:

- (1) Allowing taxpayers to claim credits for all qualified research expenses without regard to prior-year expenses;
- (2) Increasing the annual statewide cap;
- (3) Requiring the tax credit to be distributed in proportion to the amount of qualified research expenses claimed by all qualified high technology businesses if the annual statewide cap is reached, instead of on a first-come, first-served basis; and
- (4) Requiring the Department of Business, Economic Development, and Tourism to establish an annual application period and notify each qualified high technology business applicant of the credit amount certified.



Your Committee received testimony in support of this measure from the Department of Business, Economic Development and Tourism; Hawai'i Technology Development Corporation; Chamber of Commerce Hawaii; Oceanit Laboratories, Inc.; Small Kine Farm; Ai.Fish; Namaka Algae, Inc.; Black Sand Solutions LLC; NeuroMuse LLC; and eWorld Enterprise Solutions, Inc. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee has amended this measure by:

- (1) Changing the amount of the annual statewide cap to an unspecified amount; 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. 2546, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2546, H.D. 2.

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



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CHRIS TODD, Chair



