

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
GEORJA SKINNER
Administrator, Creative Industries Division
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Tuesday, March 24, 2026
1:04 PM
State Capitol, Conference Room 229

In consideration of
HB2546 HD2
RELATING TO TAX CREDIT FOR RESEARCH ACTIVITIES

Chair DeCoite, Vice Chair Wakai, and members of the Committee. The Creative Industries Division (CID) of the Department of Business, Economic Development and Tourism (DBEDT) supports HB2546 HD2, which strengthens the Research Activities Tax Credit to incentivize research and development (R&D) investment in Hawai'i, support innovation, and promote high-wage job creation.

The measure removes the federal base-amount calculation that currently limits the credit, increases the existing \$5 million annual cap, allows credits for all qualified in-state R&D expenditures, and establishes a defined application and certification process.

From 2022 through 2024, the credit supported consistent R&D activity. In 2022, 27 filers reported \$53.6 million in qualified expenditures and claimed \$10.7 million in credits, with 37% awarded. In 2023, 32 filers reported \$63.5 million and claimed \$12.7 million, with 34% awarded.

In 2024, 23 filers reported \$43.3 million and claimed \$3.9 million in credits, with \$2.6 million awarded and 78% of filers receiving credits. Approximately \$2.4 million of the \$5 million cap remained unallocated. The reduction in credits claimed was due to the Section 41 base-amount calculation, which reduced credit amounts for larger firms while increasing participation.

Employment trends reflect similar impacts. Total employment was 1,008 in 2022, increased to 1,104 in 2023, and declined to 879 in 2024. R&D-specific employment decreased from 628 in 2022 to 526 in 2023 and 397 in 2024.

The measure revises the credit calculation to 20% of qualified Hawai'i R&D expenditures and establishes a proportional allocation methodology.

DBEDT will administer an annual application period ending March 1, with the opening date set by rule, and certify credits by May 31. If total applications are within the annual cap, qualified applicants will receive the full amount claimed. If applications exceed the cap, credits will be distributed proportionally based on each applicant's share of total qualified expenditures.

This approach ensures equitable distribution, predictability, and full utilization of available credits, while directly supporting R&D investment in Hawai'i.

DBEDT respectfully requests an amendment to adjust the retroactive applicability date from taxable years beginning after December 31, 2024, to taxable years beginning after December 31, 2025. DBEDT is currently reviewing 2025 applications and anticipates completing certifications between June and July 2026. Retroactive application to December 31, 2024, would require re-review of all 2025 submissions, delaying certification and filers' ability to submit income tax returns with tax credit certificates.

Thank you for the opportunity to testify on this measure.



Written Statement of
Trung Lam, Executive Director

before the
Senate Committee on Economic Development and Tourism

Monday, March 24, 2026
1:04 pm
Conference Room 229 & Videoconference

In consideration of
HB2546 HD2
RELATING TO TAX CREDIT FOR RESEARCH ACTIVITIES

Chair Todd, Vice Chair Takenouchi, and Members of the Committee.

HTDC is committed to advancing Hawai'i as a premier technology innovation hub, particularly in the space and ocean sectors. This bill is of significant interest to HTDC because it directly impacts the research and development ecosystem that underpins the growth of high technology businesses in the state. By enhancing the research activities tax credit, the measure supports the development and commercialization of innovative technologies that align with HTDC's mission and legislative priorities, including the blue economy, advanced manufacturing, and aerospace.

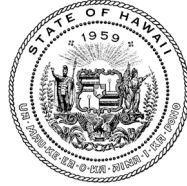
Allowing taxpayers to claim all qualified research expenses on a pro-rata basis, without regard to prior-year expenses removes a key barrier for emerging companies, particularly startups and small businesses that may not have consistent year-over-year R&D expenditures. This change encourages sustained investment in research and innovation, fostering a more dynamic technology sector.

HTDC urges the committee to support HB2546 HD2. Mahalo for this opportunity to testify.



JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII'
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

P.O. BOX 259

HONOLULU, HAWAII'1 96809

PHONE NO: (808) 587-1540

FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2546, H.D.2, Relating to Tax Credit for Research Activities

BEFORE THE:

Senate Committee on Economic Development and Tourism

DATE: Tuesday, March 24, 2026

TIME: 1:04 p.m.

LOCATION: State Capitol, Room 229

Chair DeCoite, Vice-Chair Wakai, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2546, H.D.2, for your consideration.

H.B. 2546, H.D.2, amends section 235-110.91(b), regarding the tax credit for research activities, to partially decouple from conformity to Internal Revenue Code (IRC) section 41 by providing "that references to the base amount in section 41 of the Internal Revenue Code shall not apply," and allowing a credit for all qualified research expenses "without regard to the amount of expenses for previous years."

The bill also amends the aggregate cap in section 235-110.91(f) from \$5,000,000 to an unspecified amount per taxable year. The bill also provides that the tax credit is to be distributed in proportion to the amount of qualified research expenses claimed by all qualified high technology businesses if the aggregate cap is reached, instead of on a first-come, first-served basis.

The bill further states that the annual application period shall end on March 1 of each year and the Department of Business, Economic Development, and Tourism

(DBEDT) shall notify each qualified taxpayer of the credit amount certified by May 31 of each year.

The bill has a defective effective date of July 1, 3000, and retroactively applies to taxable years beginning after December 31, 2024.

First, DOTAX notes that the March 1 deadline on page 5, line 11 of the bill appears to conflict with section 235-110.91(d), HRS, which requires qualified high technology business to submit a certified statement to DBEDT by March 31. To avoid ambiguity, DOTAX recommends amending subsection 235-110.91(d) by changing March 31 to March 1.

Second, DOTAX defers to DBEDT regarding its ability to retroactively certify the credit for tax year 2025, but notes that a retroactive effective date may require taxpayers to amend their returns and may result in a disallowance of the credit if the taxpayer fails to file or amend their claim on or before the twelfth month following the close of the taxable year, as required by section 235-110.91(h), HRS.

To avoid these potential complications, DOTAX recommends that the effective date of the bill be amended to apply to “costs incurred” after December 31, 2025.

Thank you for the opportunity to provide comments on this measure.



Statement of
Leah Ablen
Chief Financial Officer
Makai Ocean Engineering, Inc.

before the
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TOURISM

Tuesday, March 24, 2026
1:04 pm

In consideration of
HB2546
RELATING TO TAX CREDIT FOR RESEARCH ACTIVITIES.

Chair DeCoite, Vice Chair Wakai, and Members of the Committee

Makai Ocean Engineering, Inc. (Makai) **STRONGLY SUPPORTS HB2546.**

Makai appreciates that this bill adopts a much fairer distribution method for the tax credit. Allowing qualified applicants to receive a prorated share makes the process far more equitable than the prior first-come, first-served approach. This is a very good change that will provide broader and more predictable support for Hawaii's technology community. This approach ensures that both startups and established businesses have an equal opportunity to access funding, rather than favoring only those who can submit within seconds.

Makai supports this bill's efforts to address key issues with the current research credit, including:

- Increasing the annual cap, to allow more applicants to receive the tax credit.
- Removing the reference to the base amount in IRS Section 41, which currently limits eligibility for many innovative tech firms.
- Improving the allocation method so access to the credit is distributed more fairly among qualified applicants.

About Makai Ocean Engineering

Makai is a locally-owned and operated technology company that has been based in Hawai'i for over 50 years. We are currently performing R&D on a variety of exciting ocean technology projects, including Machine Learning software, autonomous underwater vehicles, ocean thermal energy conversion (OTEC), seawater air conditioning (SWAC), and subsea cable systems.

Makai has been successful in bringing in tens of millions of dollars in R&D funds from federal and international sponsors to Hawai'i, helping to stem the tide of "brain drain" of talented kama'aina kids going to the mainland. Makai is not unique among Hawaii technology companies in this. There is a tech community here that has made a strong economic impact in terms of high



paying jobs, and demonstrated success in commercializing R&D, which has increased taxable revenue for the state, and brought home kama'aina scientists and engineers.

Why HB2546 Matters

This bill allows Hawaii companies like Makai to outshine mainland peers in competitive federal R&D projects, bring home R&D dollars that greatly exceed the initial investment, and create a critical mass and a truly vibrant industry of innovative R&D companies in Hawaii. It helps expand and diversify Hawaii's economy, and enable our tech industry to support high-paying, highly-skilled professional jobs for our keiki here at home.

Conclusion

This is why we **STRONGLY SUPPORT HB2546**. The updated distribution approach is a meaningful improvement that makes the program fairer, more accessible, and less dependent on submission timing. Makai respectfully urges the committee to pass this measure.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Makes Tax Credit for Research Activities Apply to Gross, Not Incremental, Research Expenses

BILL NUMBER: HB 2546 HD2

INTRODUCED BY: FIN

EXECUTIVE SUMMARY: Amends the tax credit for research activities by: allowing taxpayers to claim all qualified research expenses without regard to prior-year expenses; increasing the annual cap; requiring the tax credit to be divided on a proportional basis if the annual statewide cap is reached; and 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. Applies retroactive to taxable years beginning after 12/31/2024. Effective 7/1/3000. (HD2)

SYNOPSIS: Amends section 235-110.91, HRS, by providing that references to the base amount in section 41 of the Internal Revenue Code shall not apply for purposes of computing the state credit, and a credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years.

Also raises the aggregate cap on the credit from \$5 million to an unspecified amount per year. The aggregate cap amount shall be divided between all qualified high technology businesses for that year in proportion to the amount of qualified research expenses claimed by all qualified high technology businesses; provided that: (1) DBEDT shall establish an annual application period ending on March 1 of each year at 5:00 p.m. Hawaii Standard Time; provided that the department shall determine the opening date of the application period by rule; (2) By May 31 of each year the department of business, economic development, and tourism shall notify each qualified high technology business applicant of the credit amount certified; and (3) If the total credits applied for by all qualified high technology businesses are less than or equal to the aggregate cap, each qualified high technology business shall receive the full amount of the credit applied for, subject to verification of qualified research expenses.

EFFECTIVE DATE: July 1, 3000, applying retroactively to taxable years beginning after December 31, 2024.

STAFF COMMENTS: The legislature by Act 270, SLH 2013, reestablished the income tax credit for qualified research activities that expired on 12/31/10. The prior version of that law, under Act 221, SLH 2001, offered a credit for qualified research activities that was a flat percentage of qualified research expenses in Hawaii without regard to the federal base amount (the federal credit is supposed to be an incentive to increase research activities, so the federal credit is based on incremental research expenses). When Act 270 brought the credit back, it did so as an incremental credit, like the federal credit.

Act 261, SLH 2019, amended the credit by reinserting the phrase “provided that references to the base amount shall not apply and credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years.”

Act 139, SLH 2024, deleted the phrase that was inserted by Act 261, SLH 2019, thereby reinstating conformity to the federal tax credit in that it once again became an incremental credit. As indicated above, the base amount requires a lookback to determine incremental research activities eligible for the tax credits. Additionally, Act 139 narrowed the credit eligibility to small business (less than 500 employees).

This bill is proposed to undo the 2024 amendment.

Substantively, over the last decade, Hawaii has adopted various tax incentives to encourage the development of high technology businesses in the state. The acts provided investment and research credits as well as income exclusions providing tax relief to high tech businesses and individuals associated with high tech businesses. While the focus on high technology in the last few years is commendable, it fails to recognize that investments are made with the prospect that the venture will yield a profit. If the prospects for making a profit are absent, no amount of tax credits will attract investment from outside Hawaii’s capital short environment. People do not invest to lose money. It should be remembered that until Hawaii’s high cost of living can be addressed, all the tax incentives in the world will not make a difference in attracting new investment to Hawaii. The only attractive aspect for resident investors to plow money into such activities is the fact that the credit provides a way to avoid paying state taxes.

At a minimum, lawmakers should carefully examine the results that have come out of this 20-year-old incentive to see if the State has gotten its money’s worth. If it hasn’t, how can an extension or increase in the credit be justified?

Digested: 3/21/2026



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON
ECONOMIC DEVELOPMENT & TOURISM
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229
TUESDAY, MARCH 24, 2026 AT 1:04 P.M.**

To The Honorable Senator Lynn DeCoite, Chair
The Honorable Senator Glenn Wakai, Vice Chair
Members of the Committee on Economic Development & Tourism

SUPPORT FOR HB2546 HD2 RELATING TO TAX CREDIT FOR RESEARCH ACTIVITIES

The Maui Chamber of Commerce supports HB2546 HD2 because it strengthens incentives for research and innovation, which are critical drivers of economic growth and diversification in Hawai'i.

We recognize the importance of encouraging high technology businesses to invest in research activities locally. By allowing taxpayers to claim all qualified research expenses without regard to prior-year expenses and increasing the annual cap, this bill creates a more predictable and attractive environment for businesses considering research and development investments in Hawai'i.

The bill's provisions to distribute the tax credit proportionally if the statewide cap is reached and to require the Department of Business, Economic Development, and Tourism to establish an annual application period add transparency and fairness to the process. These measures help ensure that a broad range of qualified high technology businesses can benefit, supporting a more diversified and resilient economy.

Mahalo for the opportunity to share our support of HB2546 HD2.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

LATE

HB-2546-HD-2

Submitted on: 3/23/2026 1:10:57 PM

Testimony for EDT on 3/24/2026 1:04:00 PM

Submitted By	Organization	Testifier Position	Testify
Hermann Kugeler	Individual	Support	Written Testimony Only

Comments:

Dear Chair DeCoite, Vice Chair Wakai, and Members of the Committee,

My name is Hermann Kugeler, and I am Vice President of Business Development at Makai Ocean Engineering. I **STRONGLY SUPPORT HB2546**.

As someone who was born and raised in Hawaii and works in the local technology sector, I believe this bill is important because it helps diversify our economy and strengthen opportunities in industries that can provide high-quality jobs for local residents. Supporting research and development in Hawaii helps grow businesses that bring outside investment into the state, create skilled career paths, and give more people the opportunity to build their future here at home.

I also appreciate that this measure improves the way the tax credit is distributed, making the process fairer and less dependent on timing. That change makes the program more accessible and more effective for Hawaii's innovation community.

I respectfully urge your support for HB2546.

Thank you for the opportunity to provide these comments.

Sincerely,
Hermann Kugeler

**TESTIMONY ON HOUSE BILL NO 2546, HD2 RELATING TO
RESEARCH ACTIVITIES TAX CREDIT**

Position: **Support**

To the honorable Senator Lynn DeCoite, Chair; the honorable Senator Glenn Wakai, Vice Chair; and Members of the Committee on Economic Development & Tourism:

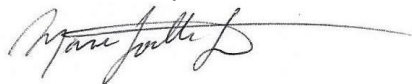
Please accept this testimony in **support** of this bill, to restore Hawai'i's research activities tax credit.

- **Hawai'i's economy cannot run on tourism alone.** Tourism spending peaked in 1989 adjusted for inflation. R&D companies create high-wage jobs rooted in innovation, not visitor volume—jobs that persist through downturns.
- **R&D spending ripples through the whole economy.** Certified qualified high technical businesses(QHTBs) spent \$3.8M on local contractors and services in 2024. When R&D companies grow, electricians, construction firms, accountants, and service providers grow with them.
- **We're losing the talent we invest in.** Hawai'i educates its young people, then watches them leave. R&D employers pay an average of \$117,972 for research positions—careers that keep families here. 97% of QHTB employees are Hawai'i residents.
- **The cost of inaction exceeds the cost of the credit.** A \$15M credit supporting 900+ high-wage jobs generates tax revenue and local spending. A weakened credit that leaves \$2.4M on the table generates nothing.
- **Pro-rata distribution makes the program fair.** Every qualified company gets a proportional share—no more racing to click “submit” in the first second the portal opens.

Simonpietri Enterprises LLC is an O'ahu-based small business that has been researching and developing innovative ways to recycle some of the most challenging wastes generated in Hawai'i into a variety of products for use in Hawai'i. Along the way we have hosted 5+ years of paid STEM internships providing education and training to the next generation of skilled technical and innovative research workers and bills like this are one of the reasons a small company like ours can continue to do so.

We appreciate the opportunity to testify on this measure, and urge your support for **HB2546, HD2**.

Sincerely,



Marie-Joelle Simonpietri
President

[About Simonpietri Enterprises LLC](#)

Simonpietri Enterprises is a Kailua, Hawaii-based woman- and veteran-owned small business with ten employees, focused on technical innovation and first-of-kind project development of emerging clean and renewable technologies. Since founding in 2006, we have helped dozens of small and large industrial companies in Hawaii, the continental U.S., Australia, and Canada improve the environmental and economic sustainability of their operations through technical and business advice in renewable

energy conversion, waste reduction and re-use, and greenhouse gas lifecycle impact reduction. Simonpietri Enterprises' founder and employees have participated in the strategy, planning, design, financing, development, construction, and energy efficiency/greenhouse gas reduction/sustainability renovation for over \$400 million in new renewable and first-of-kind sustainable fuel projects over the past 15 years. Since launching the Aloha Carbon waste-to-fuel technical development process in August 2020, Simonpietri Enterprises is now developing renewable fuel production facilities in its own right, starting with the Aloha Sustainable Materials Recycling and Fertilizer Facility (SMRFF) in Kapolei, Hawaii to divert wastes generated in Honolulu from landfilling and transform it to renewable fuel, organic fertilizer, and recycled-material building products.



Written Statement of
DR. PATRICK SULLIVAN
FOUNDER & CEO, OCEANIT

Before the
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TOURISM

Tuesday, March 24, 2026
1:04 p.m.
State Capitol, Conference Room 229 and Videoconference

In Support of
HB2546 HD2 RELATING TO TAX CREDITS FOR RESEARCH ACTIVITIES

To: Chair Senator Lynn DeCoite, Vice Chair Senator Glen Wakai, and Members of the Committee
From: Dr. Patrick Sullivan, Founder & CEO, OCEANIT
Re: Testimony in Support of HB2546 HD2

Chair DeCoite, Vice Chair Wakai, and Members of the Committee:

Oceanit Laboratories, Inc. strongly supports HB2546 HD2, which removes the base amount limitation on Hawai'i's research activities tax credit, increases the annual statewide cap to \$15 million, adopts pro-rata distribution, and applies these changes retroactively to the 2025 tax year. This Bill reflects careful work by the House and addresses the structural problems that undermined this credit under Act 139 SLH2024. For over 40 years, Oceanit has been a Hawai'i-based science and engineering company employing over 100 local scientists and engineers in AI, nanomaterials, climate resilience, and national defense.

The Fiscal Case for This Credit: Every tax credit represents foregone revenue, and this Committee rightly scrutinizes whether the return justifies the cost. The data here is clear. DBEDT's 2024 report shows that Hawai'i's qualified high technology businesses pay average research salaries of \$117,972, more than double the statewide median annual wage of \$53,269 (DBEDT Occupational Employment & Wage Statistics, May 2024). These are the kind of high-wage, resident-held jobs that generate income tax revenue, reduce demand for social services, and create demand for local contractors and professional services. A fully utilized \$15 million credit supporting this level of economic activity is not a subsidy; it is an investment with measurable, compounding returns in tax revenue, workforce retention, and economic diversification.

What Went Wrong Under Act 139 (2024): Act 139 reverted to an incremental-only formula that was intended to target credits toward new research spending. In practice, it gutted the program. DBEDT's August 2025 report documents the results: the average credit per company fell from \$0.45–\$0.56 million to just \$0.15 million, a 70% decline, and \$2.4 million of the \$5 million cap went unclaimed. The State collected less revenue from a weaker credit, not more, because the credit was no longer large enough to influence the investment decisions it was designed to incentivize. Eight fewer companies applied.

From a fiscal standpoint, Act 139 produced the worst possible outcome: reduced economic activity with no offsetting revenue gain. (Note: The results are based on DBEDT's latest quarterly and monthly reports for 2025 and the 2024 CID Report to the Legislature, which tracks film tax credit expenditures.)

What HD2 Gets Right: HD2's provisions are well-thought-out and they address the core structural problems. Removing the base amount limitation restores the 20% calculation on total qualified research expenses, making the credit meaningful again for companies with sustained R&D programs. The \$15 million cap reflects demonstrated demand, (the prior \$5 million cap was exhausted in seconds from 2020–2023,) and positions Hawai'i competitively against states like Florida (\$9M), Maryland (\$12M), and Michigan (\$100M). Pro-rata distribution replaces the chaotic first-come, first-served system with proportional allocation based on each company's share of total statewide qualified research expenses, ensuring fairness, predictability, and full utilization. Retroactive application to the 2025 tax year recovers a year already lost to Act 139's flawed formula and sends an immediate signal that Hawai'i is serious about competing for R&D investment.

This legislation represents a sound fiscal investment in the diversified, high-wage economy that Hawai'i's families need. UHERO's February 2026 report confirms what the data already shows: Hawai'i's affordability crisis cannot be solved by reducing costs alone; we must also grow industries that pay well. The research activities tax credit is one of the most direct tools available to do that. HB2546 HD2 is a complete and effective piece of legislation.

Oceanit urges the Committee to pass HB2546 HD2.



TESTIMONY IN SUPPORT OF H.B. No. 2546 HD2
RELATING TO RESEARCH ACTIVITIES TAX CREDIT
House Committee on Economic Development & Technology

Nalu Scientific

DATE: Tuesday, March 24, 2026 at

TIME: 1:04 p.m.

PLACE: VIA VIDEOCONFERENCE

Conference Room 308

State Capitol

415 South Beretania Street

Aloha Chair Ilagan, Vice Chair Hussey, and Members of the Committee,
Nalu Scientific supports H.B. No. 2546 HD2 to restore Hawai'i's research activities tax Credit. I summarize the reasons for my support in the following points:

1. Hawai'i's economy cannot run on tourism alone. Tourism spending peaked in 1989 adjusted for inflation. R&D companies create high-wage jobs rooted in innovation, not visitor volume—jobs that persist through downturns.
2. R&D spending ripples through the whole economy. Certified QHTBs spent \$3.8M on local contractors and services in 2024. When R&D companies grow, electricians, construction firms, accountants, and service providers grow with them.
3. We're losing the talent we invest in. Hawai'i educates its young people, then watches them leave. R&D employers pay an average of \$117,972 for research positions—careers that keep families here. 97% of QHTB employees are Hawai'i residents.
4. The cost of inaction exceeds the cost of the credit. A \$15M credit supporting 900+ high-wage jobs generate tax revenue and local spending. A weakened credit that leaves \$2.4M on the table will generate nothing.
5. Pro-rata distribution makes the program fair. Every qualified company gets a proportional share—no more racing to click "submit" in the first second the portal opens.

We respectfully urge the Committee to pass H.B. No. 2546. Thank you for the opportunity to testify.

Respectfully submitted,

Isar Mostafanezhad
Founder and CEO at Nalu Scientific

HB-2546-HD-2

Submitted on: 3/23/2026 2:32:36 PM

Testimony for EDT on 3/24/2026 1:04:00 PM



Submitted By	Organization	Testifier Position	Testify
Alex Le Bon	Individual	Support	Written Testimony Only

Comments:

TO: House Committee on Economic Development & Technology

FROM: Alex Le Bon

DATE: March 23, 2026

RE: SUPPORT of HB2546, Relating to Tax Credit for Research Activities

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Alex Le Bon and I am a resident of Oahu. I am writing to express my strong **SUPPORT** for **HB2546**.

This bill is a critical step in modernizing Hawai'i's economy. By increasing the annual tax credit cap from \$5 million to \$15 million and removing the restrictive "prior-year expense" requirement, Hawai'i can finally compete with other states for high-growth technology and research jobs.

I support this bill because:

- **Economic Resilience:** As we saw during the pandemic and the Lahaina wildfires, relying solely on tourism leaves our community vulnerable. Investing in R&D creates a "brain gain" where our local graduates can find high-paying careers right here at home.
- **Fairness for Startups:** Removing the "base-amount" calculation allows new and growing companies to claim credits for all their research efforts, rather than being penalized for expanding.
- **Innovation Hub:** This bill sends a clear signal that Hawai'i is open for innovation in sectors like renewable energy, ocean science, and sustainable agriculture.

I respectfully urge the committee to pass HB2546 to ensure a more stable and prosperous future for the people of Hawai'i.

Mahalo for the opportunity to testify,

Alex Le Bon

HB-2546-HD-2

Submitted on: 3/21/2026 12:15:17 PM

Testimony for EDT on 3/24/2026 1:04:00 PM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Comment

IRAN WAR IS COSTING TAXPAYERS 1BILLION \$ A DAY. HOW WILL FEDERAL FUNDING IMPACT THE SOH BUDGET?

2546 HB RELATING TO TAX CREDIT FOR RESEARCH ACTIVITIES.

HB-2546-HD-2

Submitted on: 3/23/2026 10:24:53 AM

Testimony for EDT on 3/24/2026 1:04:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Nedbal	Individual	Support	Written Testimony Only

Comments:

Aloha,

My name is Michael Nedbal and I am a professional residing in the county of Honolu. I am writing to express my **strong support** for **HB2546**.

I believe this bill is a vital step toward strengthening Hawaii’s local economy. By expanding the Research Activities Tax Credit, the state provides much-needed relief and incentive for our local businesses to innovate.

Specifically, I support this bill because:

- **It Stimulates Local Innovation:** Research and development are the backbones of a modern economy. This bill helps local tech and science-based companies stay competitive without having to move to the mainland.
- **It Creates High-Quality Jobs:** Encouraging research activities leads to specialized, high-paying jobs for our local workforce, helping to keep our talented graduates here in the islands.
- **It Diversifies Our Economy:** While tourism and agriculture are essential, this tax credit helps build a more resilient, multi-faceted economy by supporting the growth of the technology and research sectors.

As someone who cares deeply about the future of Hawaii’s business landscape, I urge you to pass **HB2546** to ensure our local entrepreneurs have the resources they need to thrive.

Mahalo for the opportunity to testify and for your service to our community.

Sincerely,

Michael Nedbal

HB-2546-HD-2

Submitted on: 3/23/2026 10:28:51 AM

Testimony for EDT on 3/24/2026 1:04:00 PM

Submitted By	Organization	Testifier Position	Testify
Adrian Jelffs	Individual	Support	Written Testimony Only

Comments:

Dear Chair, Vice Chair, and Members of the Committee,

I am writing in strong support of HB2546 HD2.

As an employee of a small technology company based in Hawai‘i, I see firsthand the challenges that local tech businesses face in trying to grow and compete. High operating costs, geographic isolation, and limited access to capital make it difficult for companies like ours to invest consistently in research and development. Strengthening the state’s R&D tax credit is a meaningful step toward addressing these challenges.

HB2546 HD2 improves the existing credit in several important ways. By removing the base amount limitation and creating a more predictable and equitable distribution process, the bill allows companies to plan and invest in innovation with greater confidence. For smaller companies in particular, this kind of certainty can make the difference between pursuing new ideas or scaling back due to financial risk.

From my perspective, this bill is not just about tax policy—it is about creating real opportunities for local workers and businesses. Supporting R&D helps companies grow, create high-quality jobs, and retain talent here in Hawai‘i. Many of us want to build our careers locally rather than move to the mainland, but that depends on having a strong and sustainable tech ecosystem.

I believe HB2546 HD2 will help foster that environment by encouraging continued investment in innovation and making Hawai‘i a more competitive place for technology companies. In turn, this contributes to diversifying our economy beyond tourism and building long-term resilience.

Thank you for the opportunity to provide testimony, and for your consideration of this important measure.

Best regards,

Adrian Jelffs

HB-2546-HD-2

Submitted on: 3/23/2026 12:40:13 PM

Testimony for EDT on 3/24/2026 1:04:00 PM

Submitted By	Organization	Testifier Position	Testify
William Hicks	Individual	Support	Written Testimony Only

Comments:

Chair DeCoite and Vice Chair Wakai and Members of the Senate Committee on Economic Development and Tourism.

As someone working in Hawaii’s technology sector, I see firsthand how critical innovation is to building a stronger, more robust and competitive economy. I strongly support the efforts of HB2546. Policies like this help strengthen innovation in our state, diversify Hawaii’s economy, and create more local career opportunities for families like mine.

I believe supporting research and development is important not only for today’s workforce, but also for helping ensure that our children have strong opportunities here in Hawaii in the future. I respectfully ask for your support of this bill.

Sincerely,

William Hicks

LATE

HB-2546-HD-2

Submitted on: 3/23/2026 5:25:16 PM

Testimony for EDT on 3/24/2026 1:04:00 PM

Submitted By	Organization	Testifier Position	Testify
Kevin D Veenstra	Individual	Support	Written Testimony Only

Comments:

Aloha Members of the Committee,

I strongly support HB2546 which provides tax credits for businesses conducting research and development in our state. I work for a Hawai'i tech-company and for companies like ours, these credits are critical to creating and sustaining engineering and technical jobs locally.

Expanding R&D activity in Hawai'i strengthens the state's economy by creating, well-paying jobs that keep engineers and scientists employed in the state. These positions support local families and help build a more diversified economy beyond tourism. Additionally, R&D driven companies contribute to local supply chains, partner with UH, and generate innovations that are aligned with growing opportunities in energy resilience, coastal protection and national security.

This bill represents a practical, performance-based investment in Hawai'i's future. By incentivizing innovation and high-value job creation, it will help position the state as a hub for advanced technology and engineering while delivering long-term economic benefits. I respectfully urge your support.

Sincerely

Kevin Veenstra