

Honolulu, Hawaii

May 1, 2007

RE: H.B. No. 1631  
H.D. 2  
S.D. 2  
C.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1631, H.D. 2, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY BUSINESS INVESTMENT TAX CREDIT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to provide greater transparency in the use of high technology tax incentives while simultaneously gathering and analyzing statistical information on the value of these incentives to the state. Specifically, the bill requires that the Department of Taxation (Department) prepare an annual report using statistics about the high technology businesses already available from July 1, 2004.

Your Committee on Conference has amended this measure by requiring every qualified high technology business (QHTB) that accepts an investment for which the high technology business



investment tax credit could be claimed to file an annual survey with the Department. The survey will include information about the QHTB such as investment credit data, revenue and expense data, and specifics about employment and wage data for the QHTB, which will allow the Department to measure the effectiveness of the high technology investment tax credit, including its effect on capital formation, economic development, and diversification of the State's economy based on such factors as the number of QHTBs in various industry sectors, jobs created, compensation levels, and qualified research activities. The results of this study and other information will be reported to the Legislature annually.

Your Committee on Conference further amended this measure by deleting the appropriation section and repealing the bill's provisions after three and a half years to encourage a reevaluation of the usefulness of the information collected and its analyses.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1631, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1631, H.D. 2, S.D. 2, C.D. 1.

Respectfully submitted on behalf  
of the managers:

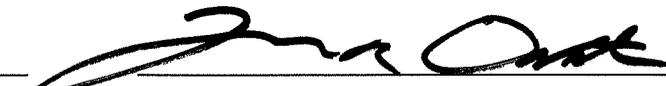
ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE

  
CAROL FUKUNAGA, Chair

  
KYLE T. YAMASHITA, Co-Chair

  
ROSALYN H. BAKER, Co-Chair

  
MARCUS R. OSHIRO, Co-Chair



**Hawaii State Legislature**  
**Record of Votes of a**  
**Conference Committee**

**CCP 199**

Bill / Concurrent Resolution No.: HB 1631, HD 2, SD 2	Date/Time: <b>4/27/07 11:35pm</b>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
FUKUNAGA, Carol, Chr.	✓				YAMASHITA, Kyle T., Co-Chr.	✓			
BAKER, Rosalyn H., Co-Chr.	✓				OSHIRO, Marcus R., Co-Chr.	✓			
IGE, David Y.	✓				CHONG, Pono	✓			
SLOM, Sam				✓	SAGUM, Roland D., III	✓			
					WARD, Gene, Ph.D.	✓			
<b>TOTAL</b>	<b>3</b>			<b>1</b>	<b>TOTAL</b>	<b>5</b>			

A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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**Distribution:**      **Original**      **Yellow**      **Pink**      **Goldenrod**  
*File with Conference Committee Report      House Clerk's Office      Senate Clerk's Office      Drafting Agency*