

Honolulu, Hawaii

MAR 24 2011RE: H.B. No. 1642
H.D. 2
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Development and Technology, to which was referred H.B. No. 1642, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extends the income tax credit for qualified research activities for five years;
- (2) Place an annual aggregate cap on the tax credit; and
- (3) Require the Department of Taxation to collect data on the income tax credit for qualified research activities, including the amount of tax credits claimed and the financial impact of the tax credit.

Your Committee received testimony in support of this measure from the High Technology Development Corporation; Hawaii Strategic Development Corporation; Hawaii Dual Use Network; Puko'a Scientific; Oceanit; Cardax Pharmaceuticals, Inc.; Referentia Systems Incorporated; Navatek; H2 Technologies, Inc.; and TeraSys Technologies. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee previously heard and amended S.B. No. 753, which contained comparable provisions, and has amended this



measure by deleting its contents and replacing them with the language in S.B. No. 753, S.D. 2. As amended, this measure:

- (1) Requires a qualified high technology business that claims the tax credit for qualified research activities to file annual survey information with the Department of Taxation by June 30 of each year;
- (2) Requires the Department of Taxation to report to the Legislature by September 1 of each year on the information collected by the survey, and by December 1 of each year on the effectiveness of the tax credit for qualified research activities;
- (3) Extends the income tax credit for qualified research activities for five years; and
- (4) Makes technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1642, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1642, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Technology,



CAROL FUKUNAGA, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* HB1642, HD Z	Committee Referral: EDT, WAM	Date: 3/23/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
SOLOMON, Malama	✓			
SLOM, Sam				✓
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes