

STAND. COM. REP. NO. 769

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 1349
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1349, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to provide support for scientific innovation in the State.

More specifically, this measure:

- (1) Reestablishes the income tax credit for qualified research activities that applies to taxable years beginning after December 31, 2010, through December 31, 2017; and
- (2) Requires the Department of Business, Economic Development, and Tourism to conduct studies to measure the effectiveness of the tax credit and submit reports to the Legislature.

Your Committee received written comments in support of this measure from The Chamber of Commerce of Hawaii; Navatek, Ltd.; Cardax Pharmaceuticals, Inc.; Enterprise Honolulu; NovaSol; Oceanit; and one concerned individual.

Your Committee received written comments on this measure from the Department of Taxation, Hawaii Strategic Development

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Corporation, High Technology Development Corporation, Tax Foundation of Hawaii, and one concerned individual.

Your Committee finds that the income tax credit for qualified research activities encourages job growth in research and development. Your Committee also finds that this measure will contribute to the diversification of the State's economy by creating and maintaining science, technology, engineering, and mathematics jobs in the State.

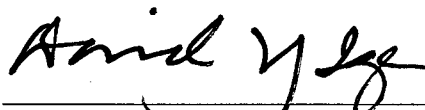
Your Committee has amended this measure by:

- (1) Specifying that, in order to claim the state income tax credit, a taxpayer must also claim the corresponding federal tax credit under section 41 of the Internal Revenue Code;
- (2) Providing that the Department of Business, Economic Development, and Tourism shall collaborate with the Department of Taxation in conducting its studies on the effectiveness of the tax credit;
- (3) Providing that the tax credit shall apply to taxable years beginning after December 31, 2013, rather than December 31, 2010;
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (5) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1349, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1349, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1349 SD1	EGH/TEC, WAM	2-27-13		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani				✓
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.				✓
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.			✓	
THIELEN, Laura H.	✓			
TOKUDA, Jill N.				✓
SLOM, Sam	✓			
TOTAL	9	0	1	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kelani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes