

STAND. COM. REP. NO. 3094
Honolulu, Hawaii

RE: S.B. No. 2545
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii
Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2545 entitled:
"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the tax credit for research activities established under section 235-110.91, Hawaii Revised Statutes.

More specifically, this measure increases the aggregate cap amount of the tax credit from \$5,000,000 to \$25,000,000.

Your Committee received testimony in support of this measure from Makai Ocean Engineering, Inc.; Oceanit; Sustainable Bioresources, LLC; and one individual.

Your Committee received comments on this measure from the Department of Taxation, Hawaii Technology Development Corporation, and Tax Foundation of Hawaii.

Your Committee finds that the tax credit for research activities encourages job growth in research and development. Your Committee also finds that the tax credit fosters 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) Changing the aggregate cap amount of the tax credit for research activities to an unspecified amount; and
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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. 2545, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2545, S.D. 1, and be placed on the calendar for Third Reading.

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

DONOVAN M. DELA CRUZ, Chair