

**Testimony to the Senate Committee on Economic Development and
Technology
Monday, January 30, 2012 at 1:15 p.m.
Conference Room 016, State Capitol**

RE: SENATE BILL NO. 2941 RELATING TO HIGH TECHNOLOGY

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

The Chamber of Commerce of Hawaii ("The Chamber") **supports the passage of SB 2941** relating to High Technology for further discussion.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure adds reporting requirements to measure the effectiveness of the tax credit for research activities; extends the tax credit through 2016; applies to tax years beginning after 12/31/2011.

This bill will create and retain jobs while increasing the state's revenues. We cannot afford to overlook the prime opportunity to promote this growing sector in our state. This is the opportune time to support our small local companies in the R&D industry so that it can continue to flourish and provide jobs for our talented citizens and ensure that our talented keiki have a viable option to move back or stay in Hawaii and obtain quality jobs. Furthermore, this measure will strengthen the industry's effort to compete with other players in the national and international arena. Finally, supporting the R&D industry will help broaden and diversify Hawaii's economic base.

Research and development is a highly critical component to a sustainable economy. R&D provides well-paying jobs to highly-educated employees. These employees pay significant taxes back to the state and spend considerable amounts of income within the state for goods and services. Furthermore, as the R&D matures it creates product companies that increase the number of jobs and tax base significantly.

Therefore, we respectfully ask that the committee to **pass this measure** for further discussion. Thank you for the opportunity to provide testimony.