
A BILL FOR AN ACT

RELATING TO EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows

4 "§235- High technology cooperative education tax credit.

5 (a) There shall be allowed to each eligible taxpayer who is not
6 claimed or is not otherwise eligible to be claimed as a
7 dependent by another taxpayer for federal or Hawaii state
8 individual income tax purposes, who files an individual or
9 corporate net income tax return for a taxable year, a high
10 technology cooperative education tax credit, which shall be
11 deductible from the taxpayer's net income tax liability imposed
12 by this chapter for the taxable year in which the tax credit is
13 properly claimed.

14 (b) The amount of the tax credit shall be equal to the
15 expenses claimed by an eligible taxpayer for costs related to
16 the establishment, training, supervision, and other related
17 costs incurred with operating a cooperative education program



1 for high school students in the taxpayer's qualified high
2 technology business.

3 (c) For the purpose of this section, "eligible taxpayer"
4 means a person or business entity that owns or operates a
5 "qualified high technology business", as that term is defined
6 under section 235-110.9, and establishes and operates a high
7 technology cooperative education program pursuant to rules
8 adopted by the department of education.

9 To qualify for the income tax credit, the taxpayer shall be
10 in compliance with all applicable federal, state, and county
11 statutes, rules, and regulations.

12 (d) If the tax credit under this section exceeds the
13 taxpayer's net income tax liability under this chapter, any
14 excess of the tax credit may be used as a credit against the
15 taxpayer's income tax liability in subsequent taxable years
16 until exhausted; provided that no claim for a refund shall
17 exceed \$1.

18 (e) If the taxpayer is a partnership, S corporation,
19 estate, or trust, the tax credit is for the expenses incurred by
20 the entity for the taxable year. The costs upon which the tax
21 credit is computed shall be determined at the entity level.



1 Distribution and share of the tax credit shall be determined
2 pursuant to section 235-110.7.

3 (f) If at any time during the period in which the tax
4 credits are earned under this section, the taxpayer no longer
5 qualifies for the tax credit, the tax credits claimed under this
6 section shall be recaptured. The recapture shall be equal
7 to per cent of the total tax credits claimed under this
8 section. The amount of the recaptured tax credits shall be
9 added to the taxpayer's tax liability for the taxable year in
10 which the recapture occurs.

11 (g) Every claim, including amended claims, for the tax
12 credit under this section shall be filed on or before the end of
13 the twelfth month following the close of the taxable year for
14 which the tax credit may be claimed. Failure to meet the filing
15 requirements of this subsection shall constitute a waiver of the
16 right to claim the tax credit.

17 (h) The director of taxation:

18 (1) Shall prepare such forms as may be necessary to claim
19 a tax credit under this section;

20 (2) May require proof of the claim for the tax credit; and

21 (3) May adopt rules pursuant to chapter 91 to effectuate
22 the purposes of this section.



1 (i) The department of education shall adopt rules pursuant
2 to chapter 91 to effectuate this section.

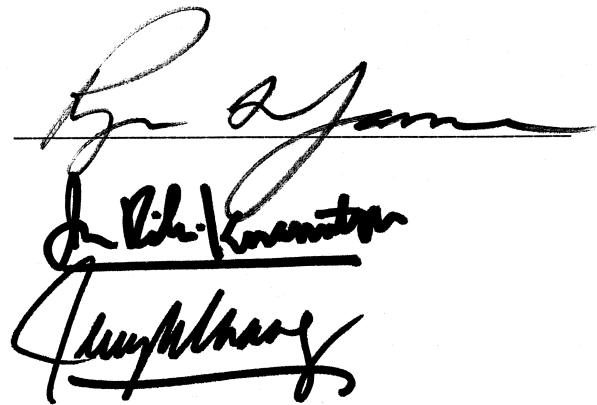
3 (j) The department of taxation shall report to the
4 legislature annually, no later than twenty days prior to the
5 convening of every regular session, on the number of taxpayers
6 claiming the tax credit and the total cost of the tax credit to
7 the State during the past year."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act, upon its approval, shall apply to
10 taxable years beginning after December 31, 2005.

11

INTRODUCED BY:



JAN 20 2006



Report Title:

Tax Credit; Education; High Technology

Description:

Provides a tax credit to high technology businesses that train high school students in a cooperative education program.

