

JAN 25 2006

A BILL FOR AN ACT

RELATING TO INCOME TAX CREDITS.

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- Hybrid motor vehicle tax credit. (a) There
5 shall be allowed to each taxpayer subject to the tax imposed by
6 this chapter, a one-time tax credit for the purchase of a new or
7 used hybrid motor vehicle, that shall be deductible from the
8 taxpayer's net income tax liability imposed by this chapter for
9 the taxable year in which the tax credit is properly claimed;
10 provided that a husband and wife filing separate returns for a
11 taxable year for which a joint return could have been filed by
12 them shall claim only the tax credit to which they would have
13 been entitled had a joint return been filed.

14 (b) The amount of the tax credit shall be \$1,500; provided
15 that no refund or payment on account of the tax credit allowed
16 by this section shall be made for amounts less than \$1.

17 (c) To qualify for the income tax credit, the taxpayer
18 shall provide adequate proof, as determined by the department,



1 of purchase of a hybrid motor vehicle and any other required
2 costs or information necessary to claim a tax credit under this
3 section.

4 (d) If the tax credit under this section exceeds the
5 taxpayer's net income tax liability under this chapter, any
6 excess of the tax credit may be used as a credit against the
7 taxpayer's income tax liability in subsequent taxable years
8 until exhausted.

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

15 (f) The director shall prepare forms necessary to claim a
16 tax credit under this section, shall require proof of the claim
17 for the tax credit, and may adopt rules pursuant to chapter 91
18 to effectuate the purposes of this section.

19 (g) The department shall report to the legislature
20 annually, no later than twenty days prior to the convening of
21 every regular session, on the number of taxpayers claiming the

1 tax credit and the total cost of the tax credit to the State
2 during the past year.

3 (h) As used in this section:

4 "Hybrid motor vehicle" means a motor vehicle with a hybrid
5 propulsion system that uses a combination of electricity and a
6 traditional fuel.

7 "Traditional fuel" means gasoline or other petroleum-based
8 motor fuel commonly used on the highways of the State."

9 SECTION 2. New statutory material is underscored.

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

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Report Title:

Tax Credit; Hybrid Motor Vehicle

SB. NO. 2488

Description:

Provides a tax credit for purchase of a hybrid motor vehicle.

