H.B. NO. 584

### A BILL FOR AN ACT

RELATING TO TAXATION.

#### 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 that 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
18	for public high school students in the taxpayer's qualified high
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1	technology business; provided that the tax credit shall not
2	exceed \$5,000 per claim.
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.



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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.
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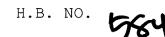
1	(i) The department of education shall adopt rules pursuant
2	to chapter 91 to effectuate this section.
3	(j) The department of taxation shall report to the
4	legislature annually, no later than twenty days prior to the
5	convening of every regular session, on the number of taxpayers
6	claiming the 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 shall take effect upon its approval
10	and shall apply to taxable years beginning after December 31,
11	2006.
12	

INTRODUCED BY: 6



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### 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.

