
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1 SECTION 1. Section 235-110.46, Hawaii Revised Statutes, is
2 repealed.

3 ~~["§235-110.46] Attractions and educational facilities tax~~
4 ~~credit; Ko Olina Resort and Marina; Makaha Resort.~~ (a) There
5 shall be allowed to each qualified taxpayer subject to the taxes
6 imposed by this chapter or chapter 237, 237D, 238, 239, 241, or
7 431, a tax credit [that] may be claimed for taxable years
8 beginning after December 31, 2004, for qualified costs in the
9 development of facilities for attractions and educational
10 purposes at Ko Olina Resort and Marina and at Makaha Resort.
11 The tax credit shall be deductible from the taxpayer's net
12 income tax liability, if any, imposed by this chapter and, at
13 the election of the taxpayer, from the tax liability imposed by
14 chapters 237, 237D, 238, 239, 241, and 431.

15 (b) The tax credit earned shall be equal to the qualified
16 costs incurred from June 1, 2003, through May 31, 2009, up to a
17 maximum of \$75,000,000 of credits in the aggregate for all
18 qualified taxpayers for all years; provided that notwithstanding



1 ~~the amount of tax credits earned in any year, a maximum of~~
2 ~~\$7,500,000 of tax credits in the aggregate for all qualified~~
3 ~~taxpayers may be used in any one taxable year. The credits over~~
4 ~~\$7,500,000 shall be used as provided in subsection (d). In the~~
5 ~~case of a partnership, limited liability company, S corporation,~~
6 ~~estate, trust, or association of apartment owners, the tax~~
7 ~~credit allowable is for qualified costs incurred by the entity.~~
8 ~~The costs upon which the tax credit is computed shall be~~
9 ~~determined at the entity level.~~

- 10 ~~(c) To qualify for the tax credit, a taxpayer shall:~~
- 11 ~~(1) Have expended qualified costs on and be developing a~~
12 ~~world-class aquarium and marine science and mammal~~
13 ~~research facility at Ko Olina Resort and Marina; and~~
 - 14 ~~(2) Dedicate one half of the net operating income of the~~
15 ~~world-class aquarium to the State, beginning on the~~
16 ~~first day of the seventeenth year following the year~~
17 ~~in which the attractions and educational facilities~~
18 ~~credit was first taken; or~~
 - 19 ~~(3) Acquire or own the Makaha Resort, and lease or sell a~~
20 ~~portion of the Makaha Resort for use as training and~~
21 ~~educational facilities for a period of not less than~~



1 ~~six years to a taxpayer meeting the requirements of~~
2 ~~subsection (c)(1).~~

3 ~~(d) If the tax credit under this section exceeds~~
4 ~~\$7,500,000 in the aggregate for all qualified taxpayers for any~~
5 ~~taxable year or exceeds the taxpayer's tax liability under this~~
6 ~~chapter or chapters 237, 237D, 238, 239, 241, and 431 for any~~
7 ~~year for which the credit is taken, the excess of the tax credit~~
8 ~~may be used as a credit against the taxpayer's tax liability for~~
9 ~~the taxes set forth in this section in subsequent years until~~
10 ~~exhausted; provided that the taxpayer may continue to claim the~~
11 ~~credit provided in this section if the qualified costs are~~
12 ~~incurred before June 1, 2009, subject to the monetary ceilings~~
13 ~~in subsection (b).~~

14 ~~(e) Every claim, including amended claims, for a tax~~
15 ~~credit under this section shall be filed on or before the end of~~
16 ~~the twelfth month following the close of the taxable year for~~
17 ~~which the credit may be claimed. Failure to comply with the~~
18 ~~foregoing provision shall constitute a waiver of the right to~~
19 ~~claim the credit.~~

20 ~~(f) If, at any time during the six year period in which~~
21 ~~tax credits are earned under this section, the costs incurred no~~
22 ~~longer meet the definition of qualified costs, the credits~~



1 ~~claimed under this section shall be recaptured. The recapture~~
2 ~~shall be equal to one hundred per cent of the total tax credits~~
3 ~~claimed under this section for the preceding taxable year;~~
4 ~~provided that the amount of the credits recaptured shall apply~~
5 ~~only to those costs that no longer meet the definition of~~
6 ~~qualified costs. The amount of the recaptured tax credits~~
7 ~~determined under this subsection shall be added to the~~
8 ~~taxpayer's tax liability for the taxable year in which the~~
9 ~~recapture occurs under this subsection.~~

10 ~~(g) If any credit is claimed under this section, then no~~
11 ~~taxpayer shall claim a credit under any chapter identified in~~
12 ~~this section for the same qualified costs for which a credit is~~
13 ~~claimed under this section.~~

14 ~~(h) The director of taxation shall prepare any forms that~~
15 ~~may be necessary to claim a credit under this section. The~~
16 ~~director may also require the taxpayer to furnish information to~~
17 ~~ascertain the validity of the claims for credits made under this~~
18 ~~section and may adopt rules necessary to effectuate the purposes~~
19 ~~of this section pursuant to chapter 91.~~

20 ~~Every qualified taxpayer, no later than March 31 of each~~
21 ~~year in which qualified costs were expended in the previous~~
22 ~~taxable year, shall submit a written, certified statement to the~~



1 ~~director of business, economic development, and tourism, in the~~
2 ~~form specified by the director of business, economic~~
3 ~~development, and tourism, identifying:~~

4 ~~(1) Qualified costs, if any, expended in the previous~~
5 ~~taxable year;~~

6 ~~(2) The amount of tax credits claimed pursuant to this~~
7 ~~section, if any, in the previous taxable year; and~~

8 ~~(3) The tax liability under this chapter and chapters 237,~~
9 ~~237D, 238, 239, 241, and 431 against which the tax~~
10 ~~credits are claimed.~~

11 ~~Any other law to the contrary notwithstanding, a statement~~
12 ~~submitted under this subsection shall be a public document.~~

13 ~~(i) The department of business, economic development, and~~
14 ~~tourism shall maintain records of the names of taxpayers~~
15 ~~eligible for the credits and the total amount of qualified costs~~
16 ~~incurred from June 1, 2003, through May 31, 2009. The~~
17 ~~department of business, economic development, and tourism shall~~
18 ~~verify all qualified costs and, upon each determination, shall~~
19 ~~issue a certificate to the taxpayer certifying:~~

20 ~~(1) The amount of the qualified costs; and~~

21 ~~(2) The amount of tax credit that the taxpayer is allowed~~
22 ~~to use for the taxable year.~~



1 ~~The department of business, economic development, and~~
2 ~~tourism shall certify no more than \$7,500,000 in credits in the~~
3 ~~aggregate for all taxpayers for each taxable year; provided that~~
4 ~~the department may verify qualified costs of no more than~~
5 ~~\$75,000,000 from June 1, 2003, through May 31, 2009. The~~
6 ~~taxpayer shall file the certificate with the taxpayer's return~~
7 ~~with the department of taxation.~~

8 ~~(j) As used in this section:~~

9 ~~"Ko Olina Resort and Marina" means the six hundred forty-~~
10 ~~two acres reclassified to urban district by Decision and Order~~
11 ~~entered on September 12, 1985, in Docket A83-562, by the land~~
12 ~~use commission.~~

13 ~~"Makaha Resort" means the three hundred thirty two acre~~
14 ~~property identified as tax map keys (1) 8-04-002 parcels 51, 52,~~
15 ~~53, 54, 55, and 67 and (1) 8-04-029-142.~~

16 ~~"Qualified costs" means any costs for plans, design, and~~
17 ~~construction, costs for equipment that is permanently affixed to~~
18 ~~a building or structure, and acquisition of facilities for~~
19 ~~educational purposes, up to a total of \$75,000,000 in the~~
20 ~~aggregate, incurred after May 31, 2003, and before June 1, 2009,~~
21 ~~at either or both of:~~



1 ~~(1) Ko Olina Resort and Marina for the development of~~
2 ~~facilities for attractions and educational purposes,~~
3 ~~and for infrastructure within the Ko Olina Resort and~~
4 ~~Marina that is directly related to those facilities,~~
5 ~~including a world-class aquarium, marine science and~~
6 ~~mammal research facilities, international sports~~
7 ~~training complex, a travel industry management intern~~
8 ~~campus, infrastructure for the transfer of ocean~~
9 ~~waters to the aquarium or marine mammal facilities, or~~
10 ~~both, seawater air conditioning, and other educational~~
11 ~~facilities developed or operated in cooperation with~~
12 ~~the University of Hawaii or other educational~~
13 ~~institutions; or~~

14 ~~(2) Makaha Resort for the development of a training and~~
15 ~~educational facility within a working resort and~~
16 ~~hotel;~~

17 ~~provided that "qualified costs" shall not include land~~
18 ~~acquisition costs.~~

19 ~~"Qualified taxpayer" means a person who fulfills the~~
20 ~~requirements of subsection (c)."]~~

21 SECTION 2. Statutory material to be repealed is bracketed
22 and stricken.



1 SECTION 3. This Act shall take effect on July 1, 2034.



Report Title:

Leeward Oahu tax credit eligibility

Description:

Repeals the Ko Olina Resort and Marina and Makaha Resort tax credit. (HB1277 HD1)

