
A BILL FOR AN ACT

RELATING TO CORPORATION INCOME TAX.

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 part IV to be appropriately
3 designated and to read as follows:

4 "§235- Corporation prevailing wage tax credit. (a)

5 There shall be allowed to each qualified corporation subject to
6 the tax imposed by this part, a corporation prevailing wage tax
7 credit which shall be applied against the qualified
8 corporation's net income tax liability, if any, imposed by this
9 part for the taxable year in which the credit is properly
10 claimed.

11 (b) The corporation prevailing wage tax credit shall be
12 equal to one hundred per cent of a qualified corporation's net
13 income tax liability under this part for the taxable year in
14 which the credit is claimed.

15 (c) All claims, including any amended claims, for tax
16 credits under this section shall be filed on or before the end
17 of the twelfth month following the close of the taxable year for
18 which the credit may be claimed. Failure to comply with the



1 foregoing provision shall constitute a waiver of the right to
2 claim the credit.

3 (d) Application for the credit under this section shall be
4 upon forms provided by the department. The director of taxation
5 shall require the taxpayer to furnish reasonable information to
6 ascertain the validity of the claim for credit made under this
7 section.

8 (e) The department shall issue a certificate to the
9 taxpayer verifying the information submitted to the department.
10 The taxpayer shall file the certificate with the taxpayer's tax
11 return with the department. The director of taxation may assess
12 and collect a fee to offset the costs of certifying tax credit
13 claims under this section. All fees collected under this
14 section shall be deposited into the tax administration special
15 fund established under section 235-20.5.

16 (f) The director of taxation may adopt rules necessary to
17 effectuate the purposes of this section pursuant to chapter 91.

18 (g) For the purposes of this section:

19 "Basic hourly wage" means the rate of wages paid to the
20 greatest number of those employed in the state, the modal rate,
21 in corresponding classes of similar employment.



1 "Basic salary" means the monthly salary paid to the
2 greatest number of those employed in the state, the modal rate,
3 in corresponding classes of similar employment.

4 "Prevailing wage" means the wage or salary, as the case may
5 be, established by the director of taxation as the sum of the
6 basic hourly rate or basic salary, and the cost to an employer
7 of providing fringe benefits.

8 "Qualified corporation" means a corporation in which one
9 hundred per cent of the corporation's employees are paid at
10 least the prevailing wage."

11 SECTION 2. Section 235-20.5, Hawaii Revised Statutes, is
12 amended to read as follows:

13 **"§235-20.5 Tax administration special fund; established.**

14 There is established a tax administration special fund, into
15 which shall be deposited fees collected under sections 235-20,
16 235-___, 235-110.9, and 235-110.91, and penalties collected under
17 section 2 of Act 206 [+]Session Laws of Hawaii 2007[+]. The
18 moneys in the fund shall be expended by the department to offset
19 the costs associated with:

20 (1) Issuing comfort letters;

21 (2) Administering the tax credit under section 235-___,

22 including issuing certificates;



1 [~~2~~] (3) Administering the tax credit under section 235-
2 110.9, including issuing certificates; and
3 [~~3~~] (4) Issuing certificates under section 235-110.91."

4 SECTION 3. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect upon its approval
7 and shall apply to taxable years beginning after December 31,
8 2008; provided that the amendments made to section 235-20.5,
9 Hawaii Revised Statutes, by this Act shall not be repealed when
10 that section is repealed and reenacted on January 1, 2011, by
11 section 8 of Act 206, Session Laws of Hawaii 2007.



Report Title:

Corporation Income Tax

Description:

Provides a corporate tax credit equal to 100 percent of net corporate income tax liability to qualified corporations in which 100 percent of the corporation's employees are paid at least the prevailing wage. (HB1629 HD1)

