

JAN 17 2008

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLES.

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

1 SECTION 1. The legislature finds that the use of hybrid
2 and alternative fuel motor vehicles is in the best interest of
3 the State, in that these vehicles promote fuel efficient
4 technologies, decrease Hawaii's dependence on imported fuel
5 oils, and decrease harmful emissions that contribute to
6 environmental decay and global warming.

7 The purpose of this Act is to provide a tax credit for
8 taxpayers who purchase hybrid or alternative fuel motor
9 vehicles.

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

13 "§235- Hybrid and alternative fuel motor vehicle tax
14 credit. (a) There shall be allowed to each taxpayer subject to
15 the tax imposed by this chapter a one-time tax credit for the
16 purchase of a new or used hybrid or alternative fuel motor
17 vehicle, placed in service after December 31, 2005, and
18 purchased on or before December 31, 2009, that shall reduce the



1 taxpayer's net income tax liability imposed by this chapter for
2 the taxable year in which the tax credit is properly claimed;
3 provided that individual taxpayers filing separate returns for a
4 taxable year for which a joint return could have been filed by
5 them shall claim only the tax credit to which they would have
6 been entitled had a joint return been filed.

7 (b) The maximum allowable tax credit shall be \$1,500;
8 provided that no refund or payment on account of the tax credit
9 allowed by this section shall be made for amounts less than \$1.

10 (c) To qualify for the income tax credit, the taxpayer
11 shall provide adequate proof, as determined by the department,
12 of purchase of a hybrid or alternative fuel motor vehicle and
13 any other required costs or information necessary to claim a tax
14 credit under this section.

15 (d) A tax credit under this section that exceeds the
16 taxpayer's net income tax liability may be used as a credit
17 against the taxpayer's income tax liability in subsequent
18 taxable years until exhausted.

19 (e) All claims, including amended claims, for the tax
20 credit under this section shall be filed on or before the end of
21 the twelfth month following the close of the taxable year for
22 which the tax credit may be claimed. Failure to comply with the



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

3 (f) The director of taxation shall:

4 (1) Prepare such forms as may be necessary to claim a tax
5 credit under this section; and

6 (2) Adopt rules pursuant to chapter 91 to effectuate the
7 purposes of this section.

8 (g) The department shall submit an annual report to the
9 legislature, no later than twenty days prior to the convening of
10 every regular session until December 31, 2009, on the number of
11 taxpayers claiming the tax credit and the total cost of the tax
12 credit to the State during the past year.

13 (h) As used in this section:

14 "Alternative fuel motor vehicle" means a motor vehicle that
15 is propelled through the use of an alternative fuel as that term
16 is defined in section 243-1.

17 "Hybrid motor vehicle" means a motor vehicle with a hybrid
18 propulsion system that uses a combination of electricity and
19 traditional fuel.

20 "Traditional fuel" means gasoline or other petroleum-based
21 motor fuel commonly used for motor vehicles operated on the
22 highways of the State."



- 1 SECTION 3. New statutory material is underscored.
- 2 SECTION 4. This Act shall:
- 3 (1) Take effect on July 1, 2008;
- 4 (2) Apply to taxable years beginning after December 31,
- 5 2007 and ending before January 1, 2010; and
- 6 (3) Be repealed on December 31, 2009.
- 7

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Report Title:

Tax Credit; Hybrid Vehicles; Alternative Fuel

Description:

Provides a one-time \$1,500 tax credit for the purchase of a hybrid or alternative fuel motor vehicle.

