
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- Credits against income; claim limitation. (a)
5 Notwithstanding any law to the contrary providing for a credit
6 that may be claimed against a taxpayer's net income tax
7 liability under this chapter or chapter 239, 241, or 431, for
8 taxable years beginning on or after January 1, 2009, and ending
9 before January 1, 2011, no claim for business credit, including
10 carryover business credit from prior taxable years, shall exceed
11 seventy-five per cent of the taxpayer's tax liability for the
12 taxable year in which the credit is claimed.

13 (b) Any business credit generated between January 1, 2009,
14 and December 31, 2010, shall be subject to the credit claim
15 limitation provided in subsection (a) and shall not result in a
16 credit carryover in subsequent taxable years.



1 (c) Any business credit generated and applicable to a
2 taxable year beginning before January 1, 2009, that resulted in
3 a credit carryover shall be subject to the credit claim
4 limitation provided in subsection (a); provided that
5 notwithstanding any provision creating a waiver of a tax credit
6 by failing to make a claim within a specified period of time for
7 any business credit, any business credit carryover generated and
8 applicable to a taxable year beginning before January 1, 2009,
9 may be used against a tax liability in taxable years beginning
10 on or after January 1, 2011, until exhausted.

11 (d) Business credits generated during taxable years
12 beginning on or after January 1, 2009, and ending before January
13 1, 2011, shall be claimed first, and business credits generated
14 in taxable years beginning prior to January 1, 2009, shall be
15 claimed thereafter; provided that, with regard to any business
16 credit properly claimed for a taxable year beginning before
17 January 1, 2009, the specified period of time established to
18 exhaust that business credit shall be tolled until such time
19 that business credits accrued for the period beginning January
20 1, 2009, and ending January 1, 2011, have been exhausted.



1 (e) As used in this section, "business credit" means all
2 tax credits allowed under chapters 235, 239, 241, and 431,
3 except for the following tax credits:

4 (1) Section 235-15 (relating to a tax credit for child
5 passenger restraint systems);

6 (2) Section 235-17 (relating to a tax credit for motion
7 picture, digital media, and film production);

8 (3) Section 235-55 (relating to a tax credit for resident
9 taxpayers);

10 (4) Section 235-55.6 (relating to a tax credit for
11 household and dependent care services);

12 (5) Section 235-55.7 (relating to a tax credit for low-
13 income household renters);

14 (6) Section 235-55.85 (relating the refundable food/excise
15 tax credit);

16 (7) Section 235-110.3 (relating to a tax credit for
17 ethanol facilities);

18 (8) Section 235-110.6 (relating to a tax credit for
19 commercial fishers' fuel);

20 (9) Section 235-110.8 (relating to a tax credit for low-
21 income housing);



- 1 (10) Section 235-110.91 (relating to a tax credit for
- 2 research activities);
- 3 (11) Section 239-6.5 (relating to the tax credit for
- 4 lifeline telephone services); and
- 5 (12) Any credit against any tax required by the
- 6 Constitution or the laws of the United States."

7 SECTION 2. New statutory material is underscored.

8 SECTION 3. This Act shall take effect upon its approval
9 and shall apply to taxable years beginning on or after
10 January 1, 2009; provided that this Act shall be repealed on
11 January 1, 2015.



Report Title:

Tax Credits; Reduction; Tax Credit Carry Over

Description:

Limits tax credits allowed under chapters 235, 239, 241, and 431, HRS, to 75 percent of a taxpayer's tax liability for taxable years beginning on or after January 1, 2009, and ending before January 1, 2011. (SB199 HD1)

