
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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 "§231- Tax credit calculation limitation; temporary
5 reduction. (a) Notwithstanding any other law to the contrary,
6 for taxable years beginning on or after January 1, 2009 and
7 ending before January 1, 2011, all allowable tax credits that
8 may be claimed against a taxpayer's net income tax liability
9 under chapters 235, 239, 241, and 431, except for those tax
10 credits provided in subsection (b), shall be reduced by fifty
11 per cent.

12 (b) For purposes of this section, "business tax credit"
13 means all credits allowable under chapter 235, chapter 239,
14 chapter 241, or chapter 431, except the following tax credits:

15 (1) Section 235-55 (relating to a credit for taxes paid to
16 other jurisdictions);



- 1 (2) Section 235-55.6 (relating to a credit for care
- 2 expenses of dependents);
- 3 (3) Section 235-55.7 (relating to a credit for low-income
- 4 household renters);
- 5 (4) Section 235-55.85 (relating to a credit for low-income
- 6 refundable food/excise taxes);
- 7 (5) Section 239-6.5 (relating to a credit for lifeline
- 8 telephone services); and
- 9 (6) Any credit against any tax required by the
- 10 Constitution or the laws of the United States.

- 11 (c) Any business tax credit generated and applicable to a
- 12 taxable year beginning before January 1, 2009, that resulted in
- 13 a carryover shall be suspended and not applied to any tax
- 14 liability for taxable years beginning on or after January 1,
- 15 2009, or ending before January 1, 2011; provided that,
- 16 notwithstanding any provision creating a waiver of the right to
- 17 claim a business tax credit by requiring that a claim be made
- 18 within a specified period of time, any business tax credit
- 19 carryover generated and applicable to a taxable year beginning
- 20 before January 1, 2009, may be used against a tax liability in
- 21 taxable years beginning on or after January 1, 2011, until
- 22 exhausted.



1 (d) With regard to any business tax credit properly
 2 claimed for a taxable year beginning before January 1, 2009, the
 3 specified period of time established to exhaust that business
 4 tax credit shall be tolled during the period beginning
 5 January 1, 2009, and ending January 1, 2011.

6 (e) Notwithstanding any law to the contrary, for taxable
 7 years beginning on or after January 1, 2009, or ending before
 8 January 1, 2011, no allowable business tax credits that may be
 9 claimed against a taxpayer's net income tax liability under
 10 chapters 235, 239, 241, and 431, except those tax credits
 11 provided in subsection (b), shall be carried over to another
 12 taxable year.

13 (f) This section shall apply to taxable years beginning on
 14 or after January 1, 2009 and shall not apply to taxable years
 15 beginning on or after January 1, 2011."

16 SECTION 2. New statutory material is underscored.

17 SECTION 3. This Act shall take effect upon its approval
 18 and shall apply to taxable years beginning on or after
 19 January 1, 2009; provided that this Act shall be repealed on
 20 January 1, 2011.

21

INTRODUCED BY:

Calvin K. Boy



Report Title:

Income Tax; Tax Credit Reduction; Suspension of Tax Credit

Description:

Reduces tax credits allowable under chapters 235, 239, 241, and 431, HRS, by a certain amount for taxable years beginning on or after January 1, 2009, and ending before January 1, 2011.

Suspends the use of tax credit carryovers generated from taxable years beginning before January 1, 2009, until January 1, 2011.

