
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1 SECTION 1. The purpose of this measure is ensure the
2 efficient administration of Hawaii tax credits, as well as to
3 ensure budgeting certainty. This measure clarifies the ordering
4 of credit claims relative to the use of refundable and
5 nonrefundable credits. Currently, there is no statutory
6 framework for the overall use of the differing credit types.
7 Administratively, credits are claimed based upon when in time
8 the credit became law. This measure clarifies that refundable
9 credits must be used first, followed by nonrefundable credits.

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- Income tax credits; priority; tax credit claims.
14 Notwithstanding any other law to the contrary, with respect to
15 offsetting income tax credits against a taxpayer's income tax
16 liability, tax credits that may be refunded or paid to a
17 taxpayer who has no income tax liability shall be claimed first,



1 followed by nonrefundable tax credits that may be used as credit
2 against taxes in subsequent years until exhausted."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval
5 and apply to taxable years beginning on or after January 1,
6 2010.



Report Title:

Income Tax Credits; Ordering of Credit Claims

Description:

Provides for the statutory ordering of income tax credits, which requires the claiming of refundable credits first, followed by nonrefundable credits.

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