



GOV. MSG. NO. 477

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

April 14, 2010

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fifth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on April 14, 2010, the following bill was signed into law:

HB2596

A BILL FOR AN ACT  
RELATING TO TAX CREDITS.  
ACT 021 (10)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

Approved by the Governor  
on APR 14 2010

ACT 021  
H.B. NO. 2596

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## 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; ordering of credit claims.  
14 Notwithstanding any other law to the contrary providing for the  
15 use of an income tax credit under this chapter, in the  
16 offsetting of a taxpayer's income tax liability, tax credits  
17 that may be refunded or paid to the taxpayer who has no income  
18 tax liability shall be used first, followed by nonrefundable tax

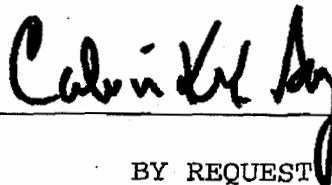
H.B. NO. 2596

1 credits that may be used as credit against taxes in subsequent  
2 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.

7  
8 INTRODUCED BY:



9 BY REQUEST

JAN 25 2010

APPROVED this 14 day of APR, 2010



GOVERNOR OF THE STATE OF HAWAII