
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 231, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§231- Temporary tax credit reduction. (a)

5 Notwithstanding any law to the contrary, all allowable business
6 tax credits that may be claimed against a taxpayer's net income
7 tax liability under chapters 235, 239, 241, and 431, except for
8 those tax credits provided in subsection (b), shall be reduced
9 as follows:

10 (1) For the taxable year beginning on or after January 1,
11 2009, and ending before January 1, 2010, the allowable
12 business tax credit that may be claimed shall be
13 reduced by seventy-five per cent;

14 (2) For the taxable year beginning on or after January 1,
15 2010, and ending before January 1, 2011, the allowable
16 business tax credit that may be claimed shall be
17 reduced by fifty per cent; and



1 (3) For the taxable year beginning on or after January 1,
2 2011, and ending before January 1, 2012, the allowable
3 business tax credit that may be claimed shall be
4 reduced by twenty-five per cent.

5 (b) For purposes of this section, "business tax credit"
6 means all tax credits allowable under chapters 235, 239, 241,
7 and 431, except for the following tax credits:

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

10 (2) Section 235-55.6 (relating to expenses for household
11 and dependent care services necessary for gainful
12 employment);

13 (3) Section 235-55.7 (relating to an income tax credit for
14 low-income household renters);

15 (4) Section 235-55.85 (relating to the refundable
16 food/excise tax credit);

17 (5) Section 235-110.7 (relating to the capital goods
18 excise tax credit);

19 (6) Section 239-6.5 (relating to the tax credit for a
20 lifeline telephone service subsidy); and

21 (7) Any credit against any tax required by the
22 Constitution or the laws of the United States.



1 (c) Any business tax credit generated and applicable to a
2 taxable year beginning before January 1, 2009, that resulted in
3 a carryover, shall be suspended and not applied to any tax
4 liability for taxable years beginning on or after January 1,
5 2009, or ending before January 1, 2012; provided that,
6 notwithstanding any waiver of the right to claim a tax credit
7 within a specified period of time provision contained in any tax
8 credit temporarily reduced by this Act, any business tax credit
9 carryover generated and applicable to a taxable year beginning
10 before January 1, 2009, may be used against a tax liability in
11 taxable years beginning on or after January 1, 2012, until
12 exhausted.

13 (d) Notwithstanding any law to the contrary, for taxable
14 years beginning on or after January 1, 2009, or ending before
15 January 1, 2012, no allowable business tax credits that may be
16 claimed against a taxpayer's net income tax liability under
17 chapters 235, 239, 241, and 431, except those tax credits
18 provided in subsection (b), shall be carried over to another
19 taxable year.

20 (e) This section shall apply to taxable years beginning on
21 or after January 1, 2009, and shall not apply to taxable years
22 beginning on or after January 1, 2012."



1 SECTION 2. New statutory material is underscored.

2 SECTION 3. This Act shall take effect upon its approval
3 and shall apply to taxable years beginning on or after
4 January 1, 2009; provided that this Act shall be repealed on
5 January 1, 2012.

6

INTRODUCED BY: Calvin K. Boy

JAN 28 2009



Report Title:

Income 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, 2012. Suspends the use of tax credit carryovers generated from taxable years beginning before January 1, 2009, until January 1, 2012.

