
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- Hotel construction and remodeling tax credit.

5 (a) There shall be allowed to each taxpayer subject to the
6 taxes imposed by this chapter and chapter 237D, an income tax
7 credit, that shall be deductible from the taxpayer's net income
8 tax liability, if any, imposed by this chapter for the taxable
9 year in which the credit is properly claimed.

10 The amount of the credit shall be four per cent of the
11 construction or renovation costs incurred during the taxable
12 year for each qualified hotel facility located in Hawaii, and
13 shall not include the construction or renovation costs for which
14 another credit was claimed under this chapter for the taxable
15 year; provided that the construction or renovation costs are
16 incurred before December 31, 2011.



1 In the case of a partnership, S corporation, estate, trust,
2 association of apartment owners of a qualified hotel facility,
3 time share owners association, or any developer of a time share
4 project, the tax credit allowable is for construction or
5 renovation costs incurred by the entity for the taxable year.
6 The cost upon which the tax credit is computed shall be
7 determined at the entity level. Distribution and share of
8 credit shall be determined pursuant to section 235-110.7(a).

9 If a deduction is taken under section 179 (with respect to
10 election to expense depreciable business assets) of the Internal
11 Revenue Code, no tax credit shall be allowed for that portion of
12 the construction or renovation cost for which the deduction is
13 taken.

14 (b) The credit allowed under this section shall be claimed
15 against the net income tax liability for the taxable year.

16 (c) If the tax credit under this section exceeds the
17 taxpayer's income tax liability, the excess of credit over
18 liability shall be refunded to the taxpayer; provided that no
19 refunds or payment on account of the tax credits allowed by this
20 section shall be made for amounts less than \$1. All claims for
21 a tax credit under this section, including amended claims, shall
22 be filed on or before the end of the twelfth month following the



1 close of the taxable year for which the credit may be claimed.
2 Failure to comply with the foregoing provision shall constitute
3 a waiver of the right to claim the credit.

4 (d) The director of taxation:

5 (1) Shall prepare any forms that may be necessary to claim
6 the tax credit;

7 (2) May require the taxpayer to furnish information to
8 ascertain the validity of the claim for the tax
9 credit; and

10 (3) May adopt rules pursuant to chapter 91 necessary to
11 effectuate the purposes of this section.

12 (e) The tax credit allowed under this section shall be
13 available for taxable years beginning after December 31, 2009,
14 and shall not be available for taxable years beginning after
15 December 31, 2011.

16 (f) To qualify for the income tax credit, the taxpayer
17 shall be in compliance with all applicable federal, state, and
18 county statutes, rules, and regulations.

19 (g) As used in this section:

20 "Construction or renovation cost" means any costs incurred
21 after July 1, 2010, for the plans, design, construction, and



1 equipment related to new construction, alteration, or
2 modification of a qualified hotel facility.

3 "Net income tax liability" means income tax liability
4 reduced by all other credits allowed under this chapter.

5 "Qualified hotel facility" means a:

6 (1) Hotel, hotel-condominium, or condominium-hotel as
7 defined in section 486K-1;

8 (2) Time share facility or project; or

9 (3) Commercial building or facility located within a
10 qualified resort area.

11 "Qualified resort area" means an area designated for hotel
12 use, resort use, or transient vacation rental, pursuant to
13 county authority under section 46-4, or where the county
14 designates the area for hotel, transient vacation rental, or
15 resort use.

16 "Taxpayer" means a taxpayer under this chapter, and
17 includes:

18 (1) An association of apartment owners; or

19 (2) A time share owners association."

20 SECTION 2. New statutory material is underscored.

21 SECTION 3. This Act shall take effect on July 1, 2010 and
22 shall:



- 1 (1) Be repealed on December 31, 2011; and
- 2 (2) Apply to taxable years beginning after December 31,
- 3 2009 and ending before January 1, 2012.
- 4

INTRODUCED BY:

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JAN 25 2010



Report Title:

Taxation; Hotel Construction and Renovations

Description:

Provides until 12/31/11, a tax credit for hotel construction and renovations.

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