
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- Credits against income; claim limitation. (a)
5 Notwithstanding any law to the contrary providing for a credit
6 that may be claimed against a taxpayer's net income tax
7 liability under this chapter, or chapter 239, 241, or 431, for
8 taxable years beginning on or after January 1, 2010, and ending
9 before January 1, 2012, no claim for business credit, including
10 carryover business credit from prior taxable years, shall exceed
11 eighty per cent of a taxpayer's tax liability for the taxable
12 year in which the credit is claimed.
13 (b) As used in this section, "business credit" means all
14 tax credits allowable under this chapter, chapter 239, 241, or
15 431, except for the following tax credits:
16 (1) Section 235-15 (relating to a tax credit for child
17 passenger restraint systems);



- 1 (2) Section 235-17 (relating to a tax credit for motion
- 2 picture, digital media, and film production);
- 3 (3) Section 235-55 (relating to a tax credit for resident
- 4 taxpayers);
- 5 (4) Section 235-55.6 (relating to a tax credit for
- 6 household and dependent care services);
- 7 (5) Section 235-55.7 (relating to a tax credit for low-
- 8 income household renters);
- 9 (6) Section 235-55.85 (relating the refundable food/excise
- 10 tax credit);
- 11 (7) Section 235-110.3 (relating to a tax credit for
- 12 ethanol investment);
- 13 (8) Section 235-110.6 (relating to a fuel tax credit for
- 14 commercial fishers);
- 15 (9) Section 235-110.8 (relating to a tax credit for low-
- 16 income housing);
- 17 (10) Section 235-110.91 (relating to a tax credit for
- 18 research activities);
- 19 (11) Section 239-6.5 (relating to a tax credit for lifeline
- 20 telephone service subsidy); and
- 21 (12) Any credit against any tax required by the
- 22 Constitution or laws of the United States.



1 (c) Any business credit generated from January 1, 2010, to
2 December 31, 2011, shall be subject to the credit claim
3 limitation provided in subsection (a) and shall not result in a
4 credit carryover in subsequent taxable years.

5 (d) Any business credit generated and applicable to a
6 taxable year beginning before January 1, 2010, which resulted in
7 a credit carryover, shall be subject to the limitation on credit
8 claims provided in subsection (a); provided that notwithstanding
9 any provision creating a waiver of a tax credit by failing to
10 make a claim within a specified period of time for any business
11 tax credit, any business tax credit carryover generated and
12 applicable to a taxable year beginning before January 1, 2010,
13 may be used against a tax liability in taxable years beginning
14 on or after January 1, 2012, until exhausted.

15 (e) In ordering credit claims pursuant to this section,
16 credits generated during taxable years beginning on or after
17 January 1, 2010, and ending before January 1, 2012, shall be
18 claimed first, and credits generated in taxable years beginning
19 prior to January 1, 2010, shall be claimed thereafter; provided
20 that, with regard to any business tax credit properly claimed
21 for a taxable year beginning before January 1, 2010, the
22 specified period of time established to exhaust that business



1 tax credit shall be tolled until such time that business tax
2 credits accrued for the period beginning January 1, 2010, and
3 ending before January 1, 2012, have been exhausted.

4 (f) This section shall apply to taxable years beginning on
5 or after January 1, 2010, and shall not apply to taxable years
6 beginning on or after January 1, 2012."

7 SECTION 2. New statutory material is underscored.

8 SECTION 3. This Act shall take effect on July 1, 2010.



Report Title:

Income Tax; Tax Credit Ceiling

Description:

Reduces certain allowable tax credits for taxable years beginning on or after January 1, 2010, and ending before January 1, 2012. Imposes a temporary tax ceiling for certain tax credits. (HB2867 HD1)

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