
A BILL FOR AN ACT

RELATING TO THE HAWAII STRATEGIC DEVELOPMENT CORPORATION.

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

1 SECTION 1. The legislature finds that the State has a
2 public interest in diversifying our economy and promoting the
3 development of high technology ventures.

4 The purpose of this Act is to amend the Hawaii strategic
5 development corporation provisions related to tax credits.

6 SECTION 2. Section 211G-1, Hawaii Revised Statutes, is
7 amended by amending the definitions of "tax credits" and
8 "taxpayer" to read as follows:

9 "Tax credits" means tax credits issued or transferred
10 pursuant to this chapter and available against liabilities
11 imposed by chapter 235 or 241[-] or section 431:7-202.

12 "Taxpayer" means a person subject to a tax imposed by
13 chapter 235 or 241[-] or section 431:7-202."

14 SECTION 3. Section 211G-12, Hawaii Revised Statutes, is
15 amended as follows:

16 1. By amending subsection (a) to read:

17 "(a) The State shall issue tax credits to the corporation
18 that may be transferred or otherwise used to reduce the tax



1 liability of any taxpayer pursuant to chapter 235 or 241[-] or
2 section 431:7-202. The total amount of tax credits that may be
3 issued, and which may be transferred pursuant to this chapter by
4 the corporation is [~~\$36,000,000.~~] \$ _____. Upon compliance
5 with subsection (b), the credits shall be freely transferable by
6 the corporation to transferees and by transferees to subsequent
7 transferees; however, the tax credits so transferred by the
8 corporation shall not be exercisable before July 1, [~~2005,~~]
9 2013, nor after [~~July 1, 2030.~~] _____. The corporation
10 shall not transfer tax credits except in conjunction with a
11 legitimate call on a corporation guarantee. The corporation
12 shall immediately notify the president of the senate, the
13 speaker of the house of representatives, and the governor in
14 writing if any tax credit is transferred by the corporation in
15 conjunction with a legitimate call on a corporation guarantee;
16 provided that the corporation shall not be required to make that
17 notification for transfers to subsequent transferees."

18 2. By amending subsection (c) to read:

19 "(c) The corporation shall determine the amount of
20 individual tax credits to be transferred pursuant to this
21 chapter and may negotiate for the sale of those credits subject
22 only to the limits imposed by this chapter. The corporation



1 shall limit the transfer of tax credits that may be claimed and
2 used to reduce the tax otherwise imposed by chapter 235 or 241
3 or section 431:7-202 for one fiscal year (including any tax
4 credits that are carried over by a taxpayer from a prior fiscal
5 year and used to reduce taxes otherwise imposed in the current
6 fiscal year, as permitted in subsection (g)) to not more than an
7 aggregate total of [~~\$12,000,000~~] \$ _____ per fiscal year.
8 The board shall clearly indicate on the face of the certificate
9 or other document transferring the tax credit the principal
10 amount of the tax credit and the taxable year or years for which
11 the credit may be claimed."

12 3. By amending subsections (f) and (g) to read:

13 "(f) The tax credits issued or transferred pursuant to
14 this chapter, upon election by the taxpayer at time of use,
15 shall be treated as a payment or prepayment in lieu of taxes
16 imposed under chapter 235 or 241[~~-~~] or section 431:7-202. Tax
17 credits used pursuant to this chapter shall be claimed as a
18 payment of tax or estimated tax for the purposes of chapter 235
19 or 241[~~-~~] or section 431:7-202.

20 (g) If the tax credits under this section exceed the
21 taxpayer's income tax liability under chapter 235 or 241 or
22 section 431:7-202 for any taxable year, or for any other reason



1 is not claimed by a taxpayer in whole or in part in any taxable
2 year, the excess of the tax credit over liability, or the amount
3 of the unclaimed tax credit, as the case may be, may be carried
4 over and used as a credit against the taxpayer's income tax
5 liability in any subsequent year until exhausted, subject to:

- 6 (1) The deadline for the exercise of tax credits imposed
- 7 by subsection (a); and
- 8 (2) The monetary limit imposed by subsection (c)."

9 SECTION 4. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect on July 1, 2112.

12



Report Title:

Hawaii Strategic Development Corporation; Tax Credits

Description:

Amends the Hawaii strategic development corporation provisions related to tax credits. Effective July 1, 2112. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

