
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- New markets tax credit. (a) Section 45D (with
5 respect to new markets tax credit) of the Internal Revenue Code
6 of 1986, as amended, shall be operative for the purposes of this
7 chapter, except as otherwise provided in this section.

8 (b) Each taxpayer, subject to the tax imposed by this
9 chapter, who holds a qualified equity investment on a credit
10 allowance date of that investment that occurs during the taxable
11 year may claim a credit under this section. The amount of the
12 credit shall be deductible from the taxpayer's net income tax
13 liability, if any, imposed by this chapter for the taxable year
14 in which the credit is properly claimed.

15 (c) The amount of the credit shall be equal to the
16 applicable percentage of the amount paid to the qualified
17 community development entity for the investment at its original
18 issue. The applicable percentage shall be calculated as twenty



1 per cent of the amount provided in section 45D(a)(2) of the
2 Internal Revenue Code of 1986, as amended.

3 (d) For the purpose of this section, the determination of
4 the following shall be made under the designated provisions of
5 the Internal Revenue Code of 1986, as amended, as follows:

6 (1) Credit allowance date shall be made under section
7 45D(a)(3);

8 (2) Qualified equity investment shall be made under
9 section 45D(b), except that reference to "the
10 Secretary" under section 45D(b)(1), shall be to the
11 director of taxation;

12 (3) Qualified community development entity shall be made
13 under section 45D(c);

14 (4) Qualified low-income community investment shall be
15 made under section 45D(d);

16 (5) Low-income community shall be made under section
17 45D(e); provided that the population census tract
18 referenced shall refer to tracts in the State;
19 provided further that "low-income community" has the
20 same meaning as in section 45D(e)(1)(B), except that
21 the percentage of median family income used for this



1 determination shall be half that provided in that
2 section;

3 (6) Recapture of credit shall be made under section
4 45D(g); provided that the tax for the taxable year,
5 and five previous taxable years if applicable, shall
6 be increased under section 45D(g)(1) only with respect
7 to credits that were used to reduce state income tax;
8 and

9 (7) Basis reduction shall be made under section 45D(h).

10 (e) The credit allowed under this section shall be
11 deducted from the taxpayer's net income tax liability for the
12 taxable year. For the purpose of deducting this tax credit, net
13 income tax liability means net income tax liability reduced by
14 all other credits allowed to the taxpayer under this chapter.

15 A tax credit under this section that exceeds the taxpayer's
16 net income tax liability may be used as a credit against the
17 taxpayer's income tax liability in subsequent years until
18 exhausted. All claims for a tax credit under this section shall
19 be filed on or before the end of the twelfth month following the
20 close of the taxable year for which the credit may be claimed.
21 Failure to properly and timely claim the credit shall constitute
22 a waiver of the right to claim the credit.



1 (f) Section 469 (with respect to passive activity losses
2 and credits limited) of the Internal Revenue Code of 1986, as
3 amended, shall be applied in claiming the credit under this
4 section.

5 (g) The director of taxation may adopt rules under chapter
6 91 and prepare any forms necessary to carry out the purposes of
7 this section."

8 SECTION 2. Chapter 241, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§241- **New markets tax credit.** The new markets tax
12 credit provided under section 235- shall be operative for this
13 chapter."

14 SECTION 3. Chapter 431, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§431- **New markets tax credit.** The new markets tax
18 credit provided under section 235- shall be operative for this
19 chapter."

20 SECTION 4. Section 235-2.3, Hawaii Revised Statutes, is
21 amended by amending subsection (b) to read as follows:



1 "(b) The following Internal Revenue Code subchapters,
2 parts of subchapters, sections, subsections, and parts of
3 subsections shall not be operative for the purposes of this
4 chapter, unless otherwise provided:

5 (1) Subchapter A (sections 1 to 59A) (with respect to
6 determination of tax liability), except section
7 1(h)(2) (relating to net capital gain reduced by the
8 amount taken into account as investment income),
9 except sections 2(a), 2(b), and 2(c) (with respect to
10 the definition of "surviving spouse" and "head of
11 household"), except section 41 (with respect to the
12 credit for increasing research activities), except
13 section 42 (with respect to low-income housing
14 credit), except section 45D (with respect to new
15 markets tax credit), except sections 47 and 48, as
16 amended, as of December 31, 1984, (with respect to
17 certain depreciable tangible personal property), and
18 except section 48(d)(3), as amended, as of
19 February 17, 2009, (with respect to the treatment of
20 United States Department of Treasury grants made under
21 [~~section~~] Section 1603 of the American Recovery and
22 Reinvestment Tax Act of 2009). For treatment, see



- 1 sections 235-110.91, 235-110.7, [~~and~~] 235-110.8[+],
2 and 235-_____ ;
- 3 (2) Section 78 (with respect to dividends received from
4 certain foreign corporations by domestic corporations
5 choosing foreign tax credit);
- 6 (3) Section 86 (with respect to social security and tier 1
7 railroad retirement benefits);
- 8 (4) Section 103 (with respect to interest on state and
9 local bonds). For treatment, see section 235-7(b);
- 10 (5) Section 114 (with respect to extraterritorial
11 income). For treatment, any transaction as specified
12 in the transitional rule for 2005 and 2006 as
13 specified in the American Jobs Creation Act of 2004
14 [~~section~~] Section 101(d) and any transaction that has
15 occurred pursuant to a binding contract as specified
16 in the American Jobs Creation Act of 2004 [~~section~~]
17 Section 101(f) are inoperative;
- 18 (6) Section 120 (with respect to amounts received under
19 qualified group legal services plans). For treatment,
20 see section 235-7(a)(9) to (11);



- 1 (7) Section 122 (with respect to certain reduced uniformed
2 services retirement pay). For treatment, see section
3 235-7(a)(3);
- 4 (8) Section 135 (with respect to income from United States
5 savings bonds used to pay higher education tuition and
6 fees). For treatment, see section 235-7(a)(1);
- 7 (9) Section 139C (with respect to COBRA premium
8 assistance);
- 9 (10) Subchapter B (sections 141 to 150) (with respect to
10 tax exemption requirements for state and local bonds);
- 11 (11) Section 151 (with respect to allowance of deductions
12 for personal exemptions). For treatment, see section
13 235-54;
- 14 (12) Section 179B (with respect to expensing of capital
15 costs incurred in complying with Environmental
16 Protection Agency sulphur regulations);
- 17 (13) Section 181 (with respect to special rules for certain
18 film and television productions);
- 19 (14) Section 196 (with respect to deduction for certain
20 unused investment credits);
- 21 (15) Section 199 (with respect to the [~~U.S.~~] United States
22 production activities deduction);



- 1 (16) Section 222 (with respect to qualified tuition and
2 related expenses);
- 3 (17) Sections 241 to 247 (with respect to special
4 deductions for corporations). For treatment, see
5 section 235-7(c);
- 6 (18) Section 280C (with respect to certain expenses for
7 which credits are allowable). For treatment, see
8 section 235-110.91;
- 9 (19) Section 291 (with respect to special rules relating to
10 corporate preference items);
- 11 (20) Section 367 (with respect to foreign corporations);
- 12 (21) Section 501(c)(12), (15), (16) (with respect to exempt
13 organizations); except that section 501(c)(12) shall
14 be operative for companies that provide potable water;
- 15 (22) Section 515 (with respect to taxes of foreign
16 countries and possessions of the United States);
- 17 (23) Subchapter G (sections 531 to 565) (with respect to
18 corporations used to avoid income tax on
19 shareholders);
- 20 (24) Subchapter H (sections 581 to 597) (with respect to
21 banking institutions), except section 584 (with



- 1 respect to common trust funds). For treatment, see
2 chapter 241;
- 3 (25) Section 642(a) and (b) (with respect to special rules
4 for credits and deductions applicable to trusts). For
5 treatment, see sections 235-54(b) and 235-55;
- 6 (26) Section 646 (with respect to tax treatment of electing
7 Alaska Native settlement trusts);
- 8 (27) Section 668 (with respect to interest charge on
9 accumulation distributions from foreign trusts);
- 10 (28) Subchapter L (sections 801 to 848) (with respect to
11 insurance companies). For treatment, see sections
12 431:7-202 and 431:7-204;
- 13 (29) Section 853 (with respect to foreign tax credit
14 allowed to shareholders). For treatment, see section
15 235-55;
- 16 (30) Section 853A (with respect to credits from tax credit
17 bonds allowed to shareholders);
- 18 (31) Subchapter N (sections 861 to 999) (with respect to
19 tax based on income from sources within or without the
20 United States), except sections 985 to 989 (with
21 respect to foreign currency transactions). For



- 1 treatment, see sections 235-4, 235-5, and 235-7(b),
2 and 235-55;
- 3 (32) Section 1042(g) (with respect to sales of stock in
4 agricultural refiners and processors to eligible farm
5 cooperatives);
- 6 (33) Section 1055 (with respect to redeemable ground
7 rents);
- 8 (34) Section 1057 (with respect to election to treat
9 transfer to foreign trust, etc., as taxable exchange);
- 10 (35) Sections 1291 to 1298 (with respect to treatment of
11 passive foreign investment companies);
- 12 (36) Subchapter Q (sections 1311 to 1351) (with respect to
13 readjustment of tax between years and special
14 limitations);
- 15 (37) Subchapter R (sections 1352 to 1359) (with respect to
16 election to determine corporate tax on certain
17 international shipping activities using per ton rate);
- 18 (38) Subchapter U (sections 1391 to 1397F) (with respect to
19 designation and treatment of empowerment zones,
20 enterprise communities, and rural development
21 investment areas). For treatment, see chapter 209E;



- 1 (39) Subchapter W (sections 1400 to 1400C) (with respect to
2 District of Columbia enterprise zone);
- 3 (40) Section 14000 (with respect to education tax
4 benefits);
- 5 (41) Section 1400P (with respect to housing tax benefits);
- 6 (42) Section 1400R (with respect to employment relief);
- 7 (43) Section 1400T (with respect to special rules for
8 mortgage revenue bonds);
- 9 (44) Section 1400U-1 (with respect to allocation of
10 recovery zone bonds);
- 11 (45) Section 1400U-2 (with respect to recovery zone
12 economic development bonds); and
- 13 (46) Section 1400U-3 (with respect to recovery zone
14 facility bonds)."

15 SECTION 5. Section 235-2.45, Hawaii Revised Statutes, is
16 amended by amending subsection (d) to read as follows:

17 "(d) Section 704 of the Internal Revenue Code (with
18 respect to a partner's distributive share) shall be operative
19 for purposes of this chapter; except that section 704(b)(2)
20 shall not apply to:



- 1 (1) Allocations of the high technology business investment
- 2 tax credit allowed by section 235-110.9 for
- 3 investments made before May 1, 2009;
- 4 (2) Allocations of net operating loss pursuant to section
- 5 235-111.5;
- 6 (3) Allocations of the attractions and educational
- 7 facilities tax credit allowed by section 235-110.46;
- 8 [~~or~~]
- 9 (4) Allocations of low-income housing tax credits among
- 10 partners under section 235-110.8[-]; or
- 11 (5) Allocations of the new markets tax credit allowed by
- 12 section 235- ."

13 SECTION 6. Section 237-4, Hawaii Revised Statutes, is
 14 amended by amending subsection (a) to read as follows:

15 "(a) "Wholesaler" or "jobber" applies only to a person
 16 making sales at wholesale. Only the following are sales at
 17 wholesale:

- 18 (1) Sales to a licensed retail merchant, jobber, or other
- 19 licensed seller for purposes of resale;
- 20 (2) Sales to a licensed manufacturer of materials or
- 21 commodities that are to be incorporated by the
- 22 manufacturer into a finished or saleable product



1 (including the container or package in which the
2 product is contained) during the course of its
3 preservation, manufacture, or processing, including
4 preparation for market, and that will remain in [~~such~~]
5 a finished or saleable product in [~~such~~] a form as to
6 be perceptible to the senses, which finished or
7 saleable product is to be sold and not otherwise used
8 by the manufacturer;

9 (3) Sales to a licensed producer or cooperative
10 association of materials or commodities that are to be
11 incorporated by the producer or by the cooperative
12 association into a finished or saleable product that
13 is to be sold and not otherwise used by the producer
14 or cooperative association, including specifically
15 materials or commodities expended as essential to the
16 planting, growth, nurturing, and production of
17 commodities that are sold by the producer or by the
18 cooperative association;

19 (4) Sales to a licensed contractor, of materials or
20 commodities that are to be incorporated by the
21 contractor into the finished work or project required
22 by the contract and that will remain in [~~such~~] a



1 finished work or project in [~~such~~] a form as to be
2 perceptible to the senses;

3 (5) Sales to a licensed producer, or to a cooperative
4 association described in section [~~237-23(a)(7)~~] 237-
5 23(a)(8) for sale to a licensed producer, or to a
6 licensed person operating a feed lot, of poultry or
7 animal feed, hatching eggs, semen, replacement stock,
8 breeding services for the purpose of raising or
9 producing animal or poultry products for disposition
10 as described in section 237-5 or for incorporation
11 into a manufactured product as described in paragraph
12 (2) or for the purpose of breeding, hatching, milking,
13 or egg laying other than for the customer's own
14 consumption of the meat, poultry, eggs, or milk so
15 produced; provided that in the case of a feed lot
16 operator, only the segregated cost of the feed
17 furnished by the feed lot operator as part of the feed
18 lot operator's service to a licensed producer of
19 poultry or animals to be butchered or to a cooperative
20 association described in section [~~237-23(a)(7)~~] 237-
21 23(a)(8) of [~~such~~] the licensed producers shall be
22 deemed to be a sale at wholesale; and provided further



1 that any amount derived from the furnishing of feed
2 lot services, other than the segregated cost of feed,
3 shall be deemed taxable at the service business rate.
4 This paragraph shall not apply to the sale of feed for
5 poultry or animals to be used for hauling,
6 transportation, or sports purposes;

7 (6) Sales to a licensed producer, or to a cooperative
8 association described in section [~~237-23(a)(7)~~] 237-
9 23(a)(8) for sale to the producer, of seed or
10 seedstock for producing agricultural and aquacultural
11 products, or bait for catching fish (including the
12 catching of bait for catching fish), which
13 agricultural and aquacultural products or fish are to
14 be disposed of as described in section 237-5 or to be
15 incorporated in a manufactured product as described in
16 paragraph (2);

17 (7) Sales to a licensed producer, or to a cooperative
18 association described in section [~~237-23(a)(7)~~] 237-
19 23(a)(8) for sale to [~~such~~] the licensed producer; of
20 polypropylene shade cloth; of polyfilm; of
21 polyethylene film; of cartons and [~~such~~] other
22 containers, wrappers, and sacks, and binders to be



1 used for packaging eggs, vegetables, fruits, and other
2 agricultural and aquacultural products; of seedlings
3 and cuttings for producing nursery plants or
4 aquacultural products; or of chick containers; which
5 cartons and [~~such~~] other containers, wrappers, and
6 sacks, binders, seedlings, cuttings, and containers
7 are to be used as described in section 237-5, or to be
8 incorporated in a manufactured product as described in
9 paragraph (2);

10 (8) Sales of tangible personal property where:

11 (A) Tangible personal property is sold upon the order
12 or request of a licensed seller for the purpose
13 of rendering a service in the course of the
14 person's service business or calling, or upon the
15 order or request of a person subject to tax under
16 section 237D-2 for the purpose of furnishing
17 transient accommodations;

18 (B) The tangible personal property becomes or is used
19 as an identifiable element of the service
20 rendered; and

21 (C) The cost of the tangible personal property does
22 not constitute overhead to the licensed seller;



- 1 the sale shall be subject to section 237-13.3;
- 2 (9) Sales to a licensed leasing company of capital goods
3 that have a depreciable life, are purchased by the
4 leasing company for lease to its customers, and are
5 thereafter leased as a service to others;
- 6 (10) Sales of services to a licensed seller engaging in a
7 business or calling whenever:
- 8 (A) Either:
- 9 (i) In the context of a service-to-service
10 transaction, a service is rendered upon the
11 order or request of a licensed seller for
12 the purpose of rendering another service in
13 the course of the seller's service business
14 or calling, including a dealer's furnishing
15 of goods or services to the purchaser of
16 tangible personal property to fulfill a
17 warranty obligation of the manufacturer of
18 the property;
- 19 (ii) In the context of a service-to-tangible
20 personal property transaction, a service is
21 rendered upon the order or request of a
22 licensed seller for the purpose of



1 manufacturing, producing, or preparing
2 tangible personal property to be sold;

3 (iii) In the context of a services-to-contracting
4 transaction, a service is rendered upon the
5 order or request of a licensed contractor as
6 defined in section 237-6 for the purpose of
7 assisting that licensed contractor; or

8 (iv) In the context of a services-to-transient
9 accommodations rental transaction, a service
10 is rendered upon the order or request of a
11 person subject to tax under section 237D-2
12 for the purpose of furnishing transient
13 accommodations;

14 (B) The benefit of the service passes to the customer
15 of the licensed seller, licensed contractor, or
16 person furnishing transient accommodations as an
17 identifiable element of the other service or
18 property to be sold, the contracting, or the
19 furnishing of transient accommodations;

20 (C) The cost of the service does not constitute
21 overhead to the licensed seller, licensed



1 contractor, or person furnishing transient
2 accommodations;

3 (D) The gross income of the licensed seller is not
4 divided between the licensed seller and another
5 licensed seller, contractor, or person furnishing
6 transient accommodations for imposition of the
7 tax under this chapter;

8 (E) The gross income of the licensed seller is not
9 subject to a deduction under this chapter or
10 chapter 237D; and

11 (F) The resale of the service, tangible personal
12 property, contracting, or transient
13 accommodations is subject to the tax imposed
14 under this chapter at the highest tax rate.

15 Sales subject to this paragraph shall be subject to
16 section 237-13.3;

17 (11) Sales to a licensed retail merchant, jobber, or other
18 licensed seller of bulk condiments or prepackaged
19 single-serving packets of condiments that are provided
20 to customers by the licensed retail merchant, jobber,
21 or other licensed seller;



1 (12) Sales to a licensed retail merchant, jobber, or other
2 licensed seller of tangible personal property that
3 will be incorporated or processed by the licensed
4 retail merchant, jobber, or other licensed seller into
5 a finished or saleable product during the course of
6 its preparation for market (including disposable,
7 nonreturnable containers, packages, or wrappers, in
8 which the product is contained and that are generally
9 known and most commonly used to contain food or
10 beverage for transfer or delivery), and [~~which~~] the
11 finished or saleable product is to be sold and not
12 otherwise used by the licensed retail merchant,
13 jobber, or other licensed seller;

14 (13) Sales of amusements subject to taxation under section
15 237-13(4) to a licensed seller engaging in a business
16 or calling whenever:

17 (A) Either:

18 (i) In the context of an amusement-to-service
19 transaction, an amusement is rendered upon
20 the order or request of a licensed seller
21 for the purpose of rendering another service



- 1 in the course of the seller's service
- 2 business or calling;
- 3 (ii) In the context of an amusement-to-tangible
- 4 personal property transaction, an amusement
- 5 is rendered upon the order or request of a
- 6 licensed seller for the purpose of selling
- 7 tangible personal property; or
- 8 (iii) In the context of an amusement-to-amusement
- 9 transaction, an amusement is rendered upon
- 10 the order or request of a licensed seller
- 11 for the purpose of rendering another
- 12 amusement in the course of the person's
- 13 amusement business;
- 14 (B) The benefit of the amusement passes to the
- 15 customer of the licensed seller as an
- 16 identifiable element of the other service,
- 17 tangible personal property to be sold, or
- 18 amusement;
- 19 (C) The cost of the amusement does not constitute
- 20 overhead to the licensed seller;
- 21 (D) The gross income of the licensed seller is not
- 22 divided between the licensed seller and another



1 licensed seller, person furnishing transient
2 accommodations, or person rendering an amusement
3 for imposition of the tax under chapter 237;

4 (E) The gross income of the licensed seller is not
5 subject to a deduction under this chapter; and

6 (F) The resale of the service, tangible personal
7 property, or amusement is subject to the tax
8 imposed under this chapter at the highest rate.

9 As used in this paragraph, "amusement" means
10 entertainment provided as part of a show for which
11 there is an admission charge. Sales subject to this
12 paragraph shall be subject to section 237-13.3; and

13 (14) Sales by a printer to a publisher of magazines or
14 similar printed materials containing advertisements,
15 when the publisher is under contract with the
16 advertisers to distribute a minimum number of
17 magazines or similar printed materials to the public
18 or defined segment of the public, whether or not there
19 is a charge to the persons who actually receive the
20 magazines or similar printed materials."



1 SECTION 7. Section 237-23, Hawaii Revised Statutes, is
2 amended by amending subsections (a), (b), and (c) to read as
3 follows:

4 "(a) This chapter shall not apply to the following
5 persons:

- 6 (1) Public service companies as that term is defined in
7 section 239-2, with respect to the gross income,
8 either actual gross income or gross income estimated
9 and adjusted, that is included in the measure of the
10 tax imposed by chapter 239;
- 11 (2) Public utilities owned and operated by the State or
12 any county, or other political subdivision thereof;
- 13 (3) Fraternal benefit societies, orders, or associations,
14 operating under the lodge system, or for the exclusive
15 benefit of the members of the fraternity itself,
16 operating under the lodge system, and providing for
17 the payment of death, sick, accident, prepaid legal
18 services, or other benefits to the members of the
19 societies, orders, or associations, and to their
20 dependents;
- 21 (4) Corporations, associations, trusts, or societies
22 organized and operated exclusively for religious,



1 charitable, scientific, or educational purposes, as
2 well as that of operating senior citizens housing
3 facilities qualifying for a loan under the laws of the
4 United States as authorized by section 202 of the
5 Housing Act of 1959, as amended, as well as that of
6 operating a prepaid legal services plan, as well as
7 that of operating or managing a homeless facility, or
8 any other program for the homeless authorized under
9 part XVII of chapter 346;

10 (5) Business leagues, chambers of commerce, boards of
11 trade, civic leagues, agricultural and horticultural
12 organizations, and organizations operated exclusively
13 for the benefit of the community and for the promotion
14 of social welfare that shall include the operation of
15 a prepaid legal service plan, and from which no profit
16 inures to the benefit of any private stockholder or
17 individual;

18 (6) Hospitals, infirmaries, and sanitararia;

19 (7) Companies that provide potable water and are tax
20 exempt under section 501(c)(12) of the Internal
21 Revenue Code of 1986, as amended;



1 [~~7~~] (8) Cooperative associations incorporated under
2 chapter 421 or Code section 521 cooperatives which
3 fully meet the requirements of section 421-23, except
4 Code section 521 cooperatives need not be organized in
5 Hawaii; provided that:

6 (A) The exemption shall apply only to the gross
7 income derived from activities that are pursuant
8 to purposes and powers authorized by chapter 421,
9 except those provisions pertaining to or
10 requiring corporate organization in Hawaii do not
11 apply to Code section 521 cooperatives;

12 (B) The exemption shall not relieve any person who
13 receives any proceeds of sale from the
14 association of the duty of returning and paying
15 the tax on the total gross proceeds of the sales
16 on account of which the payment was made, in the
17 same amount and at the same rate as would apply
18 thereto had the sales been made directly by the
19 person, and all those persons shall be so
20 taxable; and

21 (C) As used in this paragraph, "section 521
22 cooperatives" mean associations that qualify as a



1 cooperative under section 521 (with respect to
2 exemption of farmers' cooperatives from tax) of
3 the Internal Revenue Code of 1986, as amended;

4 [~~8~~] (9) Persons affected with Hansen's disease and
5 kokuas, with respect to business within the county of
6 Kalawao;

7 [~~9~~] (10) Corporations, companies, associations, or trusts
8 organized for the establishment and conduct of
9 cemeteries no part of the net earnings of which inures
10 to the financial benefit of any private stockholder or
11 individual; provided that the exemption shall apply
12 only to the activities of those persons in the conduct
13 of cemeteries and shall not apply to any activity the
14 primary purpose of which is to produce income, even
15 though the income is to be used for or in the
16 furtherance of the exempt activities of those persons;
17 and

18 [~~10~~] (11) Nonprofit shippers associations operating under
19 part 296 of the Civil Aeronautics Board Economic
20 Regulations.

21 (b) The exemptions enumerated in subsection (a) (3) to
22 [~~6~~] (7) shall apply only:



- 1 (1) To those persons who shall have registered with the
2 department of taxation by filing a written application
3 for registration in such form as the department shall
4 prescribe, shall have paid the registration fee of
5 \$20, and shall have had the exemption allowed by the
6 department or by a court or tribunal of competent
7 jurisdiction upon appeal from any assessment resulting
8 from disallowance of the exemption by the department;
- 9 (2) To activities from which no profit inures to the
10 benefit of any private stockholder or individual,
11 except for death or other benefits to the members of
12 fraternal societies; and
- 13 (3) To the fraternal, religious, charitable, scientific,
14 educational, communal, or social welfare activities of
15 ~~[such]~~ persons, or to the activities of ~~[such]~~
16 hospitals, infirmaries, ~~[and]~~ sanitarium ~~[as such]~~, and
17 potable water companies, and not to any activity the
18 primary purpose of which is to produce income even
19 though the income is to be used for or in furtherance
20 of the exempt activities of ~~[such]~~ persons~~[-]~~
21 performing the exempt activities.
- 22 (c) To obtain allowance of an exemption:



1 (1) A person under subsection (a)(3) to [~~+(6)+,~~] (7), who
2 has received or applied for recognition of tax exempt
3 status under section 501(c)(3), (4), (6), [~~or~~] (8), or
4 12 of the Internal Revenue Code of 1986, as amended,
5 or who is a subordinate person of a person who has
6 received a group exemption letter under section
7 501(c)(3), (4), (6), [~~or~~] (8), or 12 of the Internal
8 Revenue Code of 1986, as amended, shall register with
9 the department by filing a statement attaching a copy
10 of the exemption or application for recognition of
11 exempt status and any particular facts that the
12 department may require; and

13 (2) All other persons under subsection (a)(3) to (6) shall
14 file an application for exemption in the form of an
15 affidavit or affidavits setting forth in general all
16 facts affecting the right to the exemption and [~~such~~]
17 any particular facts as the department may require, to
18 which shall be attached such records, papers, and
19 other information as the department may prescribe."

20 SECTION 8. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 9. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2030.



Report Title:

New Markets Tax Credit; Section 704(b)(2), Internal Revenue Code

Description:

Establishes a new markets tax credit for qualified equity investment on a credit allowance date and that is exempt from the requirements of section 704(b)(2) of the Internal Revenue Code; restricts community development entity investments to low-income communities in Hawaii; includes franchise taxes and insurance premium taxes eligible for the tax credit. Exempts federally tax exempt companies that supply potable water from the state income and general excise taxes. (SB831 HD2)

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

