

---

---

# A BILL FOR AN ACT

RELATING TO CAPITAL BUSINESS IMPROVEMENTS.

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- Capital business improvements tax credit. (a)  
5 There shall be allowed to each taxpayer subject to the tax  
6 imposed by this chapter, a capital business improvements tax  
7 credit that shall be deductible from the taxpayer's net income  
8 tax liability, if any, imposed by this chapter in the taxable  
9 year in which the credit is properly claimed. For the purposes  
10 of this section, "net income tax liability" means net income tax  
11 liability reduced by all other credits claimed by the taxpayer  
12 under this chapter.  
13           (b) The amount of the credit shall be equal to the cost of  
14 the capital business improvements made by a taxpayer who owns a  
15 business in the State pursuant to a business plan submitted by  
16 the taxpayer for that business to the department of business,  
17 economic development, and tourism; provided that:



1       (1) The department of business, economic development, and  
2           tourism approves the plan;

3       (2) The tax credit takes effect only after the taxpayer  
4           achieves seventy-five per cent of the objectives of  
5           the plan; and

6       (3) The plan includes the hiring of at least five new  
7           full-time employees.

8       (c) If the tax credit under this section exceeds the  
9           taxpayer's income tax liability, the excess of the credit over  
10          the liability may be used by the taxpayer until the income tax  
11          liability is exhausted.

12       (d) All claims for a tax credit under this section shall  
13          be filed on or before the end of the twelfth month following the  
14          close of the taxable year for which the credit may be claimed.  
15          Failure to properly and timely claim the credit shall constitute  
16          a waiver of the right to claim the credit.

17       (e) The director of business, economic development, and  
18          tourism may adopt rules pursuant to chapter 91 to effectuate  
19          this section, including criteria and rules with respect to the  
20          capital business improvements plan under subsection (b).

21       The director of taxation may adopt rules pursuant to  
22          chapter 91 to effectuate this section."



1 SECTION 2. New statutory material is underscored.

2 SECTION 3. This Act shall take effect upon its approval  
3 and apply to taxable years beginning after December 31, 2010.

4

INTRODUCED BY:

Denny Coffman

Att

JAN 24 2011



**Report Title:**

Income Tax Credit; Capital Business Improvements

**Description:**

Provides a tax credit for certain capital business improvement costs expended by a business.

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

