
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that, each year
2 approximately \$1,000,000,000 is given away in tax dollars in the
3 form of tax exemptions, deductions, and credits to certain
4 segments of the community. While many, if not all are for good
5 reasons and programs, these tax "giveaways" are perpetual and
6 require little or no legislative oversight. This is an unfair
7 system, considering core programs such as education, public
8 safety, health care programs, including the medicare and
9 medicaid programs, and others must face legislative scrutiny
10 before receiving continued funding.

11 Prior to each of the repeal dates for the various tax
12 credits, exclusions, or exemptions listed in section 3 of this
13 Act, it is the intention of the legislature to revisit the date
14 and analyses of each tax credit individually and to consider
15 whether any of the tax credits scheduled to be repealed should
16 be allowed to continue.



1 The purpose of this Act is to provide a review of all tax
2 credits and exemptions to facilitate the authorization or
3 reauthorization of successful programs and to do so at a cost
4 that can be accommodated by the state's annual budget.

5 SECTION 2. Chapter 231, Hawaii Revised Statutes, is
6 amended by a new section to be appropriately designated and to
7 read as follows:

8 "§231- Tax credits and exemptions; reporting
9 requirements; confidentiality; penalty. (a) Every person
10 claiming a tax credit, exclusion, or exemption under this title,
11 shall attach to the person's claim, statistical information
12 requested by the department on a form provided by the department
13 pursuant to subsection (b).

14 (b) The department shall develop forms requesting the
15 following taxpayer statistical information in addition to any
16 other statistical information necessary to enable evaluation of
17 each tax credit, exclusion, and exemption listed in section 3 of
18 Act , Session Laws of Hawaii 2011:

- 19 (1) Reporting period;
20 (2) Amount of tax credit claimed;
21 (3) Number of jobs created based on the tax credit;



- 1 (4) Public purpose of the tax credit, exclusion, or
2 exemption as it relates to the specific taxpayer;
- 3 (5) Job quality standards provided by the taxpayer;
- 4 (6) Amount of tax credit recaptured, if any;
- 5 (7) Conformance by the taxpayer with the purpose of the
6 tax credit, exclusion, or exemption; and
- 7 (8) A review of expenditures enabled because of the tax
8 credit, exclusion, or exemption and the extent to
9 which the tax credit, exclusion, or exemption fits
10 within the State's budgeted estimates.
- 11 (c) No later than September 30, the department shall
12 provide a report to the legislature summarizing for each tax
13 credit, exclusion, or exemption the statistical information
14 received from taxpayers for the previous year as required by
15 subsection (b). This information shall be made available to the
16 public so that the statistics may be analyzed by any individual
17 or public or government agency interested in establishing an
18 opinion on whether the statistics indicate which credits,
19 exclusions, or exemptions should be continued, amended, or
20 permitted to expire.
- 21 (d) No later than thirty days prior to each regular
22 session beginning with the regular session of 2013, any



1 individual or public or government agency that has analyzed any
2 tax credit, exclusion, and exemption data made available by the
3 department may provide the legislature with a report of this
4 analysis including information sufficient to allow the
5 legislature to determine whether the tax credits, exclusions,
6 and exemptions established under title 14 and listed in section
7 3 of Act , Session Laws of Hawaii 2011, are achieving their
8 intended objectives, are consistent with public policies, and
9 should be reenacted, amended, or permitted to expire.

10 (e) Notwithstanding section 235-16 and any other law
11 restricting disclosure of tax returns or tax return information
12 to the contrary, all tax information received by the department
13 relating to credits, exclusions, and exemptions shall be made
14 available to the public.

15 (f) Any taxpayer claiming a tax credit under this title
16 shall file the taxpayer's return by the due date or March 30,
17 whichever is earlier, of the year following the year in which
18 the tax credit, exclusion, or exemption is being claimed and
19 include the data required pursuant to subsection (b). If the
20 taxpayer fails to file by the due date or March 30, whichever is
21 earlier, in the year following the year in which the tax credit,
22 exclusion, or exemption was claimed or fails to include the



1 required data, any tax credit, exclusion, or exemption received
2 shall be recaptured for the year the tax credit, exclusion, or
3 exemption was claimed. No taxpayer shall be given an extension
4 on this deadline."

5 SECTION 3. **Repeal dates for certain tax credits,**
6 **exclusions, and exemptions.** (a) All of the following tax
7 credits, exclusions, or exemptions shall be repealed on December
8 31, 2013:

- 9 (1) Section 235-9.5, Hawaii Revised Statutes (stock
10 options from qualified high technology businesses
11 excluded from taxation);
- 12 (2) Section 235-17, Hawaii Revised Statutes (motion
13 picture, digital media, and film production income tax
14 credit);
- 15 (3) Section 235-110.51, Hawaii Revised Statutes
16 (technology infrastructure renovation tax credit);
- 17 (4) Section 235-110.6, Hawaii Revised Statutes (fuel tax
18 credit for commercial fishers);
- 19 (5) Section 235-110.7, Hawaii Revised Statutes (capital
20 goods excise tax credit);
- 21 (6) Section 237-24.5, Hawaii Revised Statutes (general
22 excise tax; additional exemptions);



- 1 (7) Section 237-24.75, Hawaii Revised Statutes (general
2 excise tax; additional exemptions);
- 3 (8) Section 237-24.9, Hawaii Revised Statutes (general
4 excise tax; aircraft service and maintenance
5 facility);
- 6 (9) Section 237-28.1, Hawaii Revised Statutes (general
7 excise tax; exemption of certain shipbuilding and ship
8 repair business);
- 9 (10) Section 239-12, Hawaii Revised Statutes (public
10 service company tax; call centers; exemption; engaging
11 in business; definitions);
- 12 (11) Section 241-4.5, Hawaii Revised Statutes (banks and
13 other financial corporations tax; capital goods excise
14 tax credit); and
- 15 (12) Section 241-4.8, Hawaii Revised Statutes (banks and
16 other financial corporations tax; high technology
17 business investment tax credit).
- 18 (b) All of the following exclusions and exemptions shall
19 be repealed on December 31, 2014:
- 20 (1) Paragraph (14) of section 237-24, Hawaii Revised
21 Statutes (general excise tax; amounts not taxable);



- 1 (2) Section 237-24.3, Hawaii Revised Statutes (general
2 excise tax; additional amounts not taxable);
- 3 (3) Section 237-24.7, Hawaii Revised Statutes (general
4 excise tax; additional amounts not taxable);
- 5 (4) Section 237-25, Hawaii Revised Statutes (general
6 excise tax; exemptions of sales and gross proceeds of
7 sales to federal government, and credit unions);
- 8 (5) Section 237-26, Hawaii Revised Statutes (general
9 excise tax; exemption of certain scientific contracts
10 with the United States);
- 11 (6) Section 237-27, Hawaii Revised Statutes (general
12 excise tax; exemption of certain petroleum refiners);
- 13 (7) Section 237-27.5, Hawaii Revised Statutes (general
14 excise tax; air pollution control facility);
- 15 (8) Section 237-27.6, Hawaii Revised Statutes (general
16 excise tax; solid waste processing, disposal, and
17 electric generating facility; certain amounts exempt);
- 18 (9) Section 237-29.5, Hawaii Revised Statutes (general
19 excise tax; exemption for sales of tangible personal
20 property shipped out of the State);



- 1 (10) Section 237-29.53, Hawaii Revised Statutes (general
2 excise tax; exemption for contracting or services
3 exported out of State);
- 4 (11) Section 237-29.55, Hawaii Revised Statutes (general
5 excise tax; exemption for sale of tangible personal
6 property for resale at wholesale);
- 7 (12) Section 237-29.8, Hawaii Revised Statutes (general
8 excise tax; call centers; exemption; engaging in
9 business; definitions); and
- 10 (13) Section 244D-4.3, Hawaii Revised Statutes (liquor tax;
11 exemption for sales of liquor out of the State).
- 12 (c) All of the following tax credits shall be repealed on
13 December 31, 2015:
- 14 (1) Section 235-12.5, Hawaii Revised Statutes (renewable
15 energy technologies; income tax credit);
- 16 (2) Section 235-110.3, Hawaii Revised Statutes (ethanol
17 facility tax credit);
- 18 (3) Section 235-110.93, Hawaii Revised Statutes (important
19 agricultural land qualified agricultural cost tax
20 credit); and



- 1 (4) Section 241-4.6, Hawaii Revised Statutes (banks and
2 other financial corporations tax; renewable energy
3 technologies; income tax credit).
- 4 (d) All of the following tax credits, exclusions, and
5 exemptions shall be repealed on December 31, 2016:
- 6 (1) Section 235-15, Hawaii Revised Statutes (tax credits
7 to promote the purchase of child passenger restraint
8 systems);
- 9 (2) Section 235-55.7, Hawaii Revised Statutes (income tax
10 credit for low-income household renters);
- 11 (3) Section 235-55.85, Hawaii Revised Statutes (refundable
12 food/excise tax credit);
- 13 (4) Section 235-110.2, Hawaii Revised Statutes (credit for
14 school repair and maintenance);
- 15 (5) Section 235-110.8, Hawaii Revised Statutes (low-income
16 housing tax credit);
- 17 (6) Section 237-29, Hawaii Revised Statutes (general
18 excise tax; exemptions for certified or approved
19 housing projects); and
- 20 (7) Section 241-4.7, Hawaii Revised Statutes (banks and
21 other financial corporations tax; low-income housing;
22 income tax credit).



- 1 SECTION 4. New statutory material is underscored.
- 2 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Tax Credits; Tax Exemptions; Evaluation

Description:

Requires the Department of Taxation to evaluate certain tax credits and tax exemptions and report to the Legislature. Provides automatic repeal of the tax credits and tax exemptions. (HB1270 HD1)

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

