

---

---

## 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-A   Historic businesses; tax credit.    (a)   There  
5 shall be allowed to each taxpayer subject to the taxes imposed  
6 by this chapter a tax credit that shall be deductible from the  
7 taxpayer's net income tax liability, if any, imposed by this  
8 chapter. The tax credit shall be equivalent to an amount up to  
9 four per cent of gross receipts, or \$10,000, whichever is less.

10           (b)   The credit allowed under this section shall be claimed  
11 against the net income tax liability for the taxable year, and  
12 shall be subject to the following conditions:

13                   (1)   The taxpayer or entity claiming the credit shall  
14                           be a domestic corporation, domestic professional  
15                           corporation, domestic limited liability company,  
16                           domestic nonprofit corporation, domestic business  
17                           trust, estate, domestic partnership, domestic



- 1           limited liability partnerships, or Hawaii  
2           domiciled trust;
- 3           (2) The taxpayer or entity claiming the credit shall  
4           be subject to taxation under chapter 237 of the  
5           Hawaii Revised Statutes;
- 6           (3) The taxpayer or entity shall be in current  
7           compliance with all applicable laws and  
8           regulations of the Department of Commerce and  
9           Consumer Affairs;
- 10          (4) The taxpayer and entity shall have no outstanding  
11          tax liability to the State or its political  
12          subdivisions;
- 13          (5) The taxpayer or entity claiming the credit shall  
14          incur at least fifty per cent of its operating  
15          costs, including, but not limited to, rent,  
16          labor, and machinery, from sources whose domicile  
17          is the state of Hawai'i; and
- 18          (6) The taxpayer or entity claiming the credit shall  
19          be a historic business.

20          (c) If the tax credit under this section exceeds the  
21          taxpayer's income tax liability for a year in which the credit  
22          is taken, the excess of the tax credit over liability may be



1 used as a credit against the taxpayer's income tax liability in  
2 subsequent years until exhausted. Every claim, including  
3 amended claims, for a tax credit under this section shall be  
4 filed on or before the end of the twelfth month following the  
5 close of the taxable year for which the credit may be claimed.  
6 Failure to comply with the foregoing provision shall constitute  
7 a waiver of the right to claim the credit.

8 (d) The director of taxation may adopt any rules under  
9 chapter 91 and forms necessary to carry out this section.

10 (e) As used in this section:

11 "Historic business" means a business entity that has  
12 operated for at least twenty-five years in the state, and has  
13 significance to the history of the state.

14 "Net income tax liability" means net income tax liability  
15 reduced by all other credits allowed under this chapter.

16 (f) This section shall be applicable to taxable years  
17 beginning after December 31, 2011, but not to taxable years  
18 beginning after December 31, 2016."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 2011.

21

22



1

INTRODUCED BY:

*Craig*

*Jeffrey  
Huffman*

*Z-R*

*Ben Wald*

*Craig*

*Sam Ode*

*Scott Am*

*Cindy Evans*

*Myth*

*Z-R*

*Karen Curran*

*John M. Mayo*

*Ben Wald*



**Report Title:**

Taxation

**Description:**

Establishes temporary tax credit for historic businesses.

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

