
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 authorize the Hawaii strategic
5 development corporation to transfer tax credits.

6 SECTION 2. Section 211F-1, Hawaii Revised Statutes, is
7 amended by adding two new definitions to be appropriately
8 inserted and 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. Chapter 211F, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§211F- Tax credits. (a) The State shall issue tax
18 credits to the corporation that may be transferred or otherwise



1 used to reduce the tax liability of any taxpayer pursuant to
2 chapter 235 or 241 or section 431:7-202. The total amount of
3 tax credits that shall be issued and that may be transferred
4 pursuant to this chapter by the corporation is \$100,000,000.

5 (b) The tax credits issued to the corporation shall be
6 freely transferable by the corporation to transferees and by
7 transferees to subsequent transferees; provided that the tax
8 credits transferred by the corporation shall not be exercisable
9 in a taxable year beginning before January 1, 2013, or ending
10 after December 31, 2025.

11 The corporation shall notify the governor and the
12 legislature in writing if any tax credit is transferred by the
13 corporation; provided that the corporation shall not be required
14 to make that notification for transfers to subsequent
15 transferees.

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

20 The amount of tax credits transferred by the corporation
21 pursuant to this chapter shall not exceed an aggregate total of
22 \$20,000,000 per fiscal year. The board shall clearly indicate



1 on the face of the certificate or other document transferring
2 the tax credit the following information:

3 (1) The principal amount of the tax credit; and

4 (2) The taxable year or years for which the credit may be
5 claimed.

6 (d) Tax credits transferred by the corporation in
7 accordance with this chapter are binding on the corporation and
8 may not be modified, terminated, or rescinded.

9 (e) The corporation, in conjunction with the department of
10 taxation, shall develop a system for registration of any tax
11 credits issued or transferred pursuant to this chapter and a
12 system of certificates that permits verification that:

13 (1) Any tax credit claimed upon a tax return is validly
14 issued and properly taken in the year of claim; and

15 (2) That any transfers of the tax credit are made in
16 accordance with this chapter.

17 (f) The corporation may pay a fee and provide other
18 consideration in connection with the purchase by the corporation
19 of a put option or other agreement pursuant to which a transfer
20 of tax credits authorized by this chapter may be made.

21 (g) The tax credits shall be claimed as a refundable tax
22 credit.



1 (h) The tax credits issued or transferred pursuant to this
2 chapter, upon election by the taxpayer at time of use, shall be
3 treated as a payment or prepayment in lieu of taxes imposed
4 under chapter 235 or 241 or section 431:7-202.

5 (i) If the tax credits under this section exceed the
6 taxpayer's income tax liability under chapter 235 or 241 or
7 section 431:7-202 for any taxable year, or for any other reason
8 is not claimed by a taxpayer in whole or in part in any taxable
9 year, the excess of the tax credit over liability, or the amount
10 of the unclaimed tax credit, as the case may be, may be used in
11 subsequent taxable years until exhausted, subject to:

- 12 (1) The deadline for the exercise of tax credits imposed
- 13 by subsection (b); and
- 14 (2) The monetary limit imposed by subsection (c).

15 (j) A certificate or tax credit issued or transferred in
16 accordance with this chapter may not be considered a security
17 under chapter 485A.

18 (k) The corporation shall not transfer or sell any tax
19 credit at more than a thirty per cent discount."

20 SECTION 4. New statutory material is underscored.

H.B. NO. 983

1 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

[Signature]
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JAN 24 2011



Report Title:

Hawaii Strategic Development Corporation; Tax Credits

Description:

Issues tax credits to the Hawaii strategic development corporation. Allows the corporation to transfer tax credits.

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

