
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The purpose of this Act is to temporarily
2 increase the tax rate on banks and other financial corporations.

3 SECTION 2. Section 241-4, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The measure of the tax imposed by this chapter is the
6 entire net income from all sources for the preceding calendar
7 year, or in the case of a taxpayer operating on a fiscal year
8 basis, for the preceding fiscal year. The tax shall be at the
9 rate of seven and ninety-two one hundredths per cent of the
10 entire net income from all sources[-]; provided that for the
11 period beginning January 1, 2011, to December 31, 2015, the tax
12 shall be at the rate of eight and thirty-two one hundredths per
13 cent of the entire net income from all sources."

14 SECTION 3. Section 241-4.3, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "[+]§241-4.3[+] **Alternative tax.** Section 1201 (with
17 respect to alternative tax for corporations) of the Internal
18 Revenue Code shall be operative for the purposes of this chapter



1 and shall be applied as set forth in this section. If for any
2 taxable year a bank, building and loan association, development
3 company, financial corporation, financial services loan company,
4 small business investment company, mortgage loan company,
5 financial holding company, or trust company has a net capital
6 gain, then, in lieu of the tax imposed by section 241-4, there
7 is hereby imposed a tax (if [~~such~~] the tax is less than the tax
8 imposed under section 241-4) [~~which~~] that shall consist of the
9 sum of:

- 10 (1) A tax computed on the taxable income reduced by the
11 amount of the net capital gain, at the rates and in
12 the manner as if this section had not been enacted;
13 plus
14 (2) Four per cent of the net capital gain for the taxable
15 year[-]; provided that for the period beginning
16 January 1, 2011, to December 31, 2015, the percentage
17 shall be four and two-tenths per cent of the net
18 capital gain for the taxable year."

19 SECTION 4. Amendments made by this Act shall apply to the
20 entire net income received for the calendar year preceding
21 January 1, 2012. In the case of a taxpayer operating on a
22 fiscal year basis, the amendments made by this Act shall apply



1 to the entire net income received for the fiscal year in which
2 January 1, 2012, occurs.

3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2011.

6

INTRODUCED BY:

Calvin K. Ray

JAN 21 2011



Report Title:

Bank and Other Financial Corporations Tax Rate; Increase

Description:

Temporarily increases the tax rate for banks and other financial corporations, effective from 07/01/11 until 12/31/15.

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