

JAN 21 2011

S.B. NO. 129

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- Pro bono legal services income tax credit. (a)

5 There shall be allowed to each qualified taxpayer subject to the
6 tax imposed by this chapter a pro bono legal services income tax
7 credit which shall be deductible from the taxpayer's net income
8 tax liability, if any, imposed by this chapter for the taxable
9 year in which the credit is properly claimed.

10 (b) For purposes of this section:

11 "Pro bono legal services" means voluntarily providing
12 professional legal services for the public good when no
13 remuneration, payment, compensation, reimbursement, reward, or
14 other financial or pecuniary gain is received, expected, or
15 imposed upon the recipient of the legal services.

16 "Qualified legal services" means the certified and
17 documented hours of pro bono legal services provided by a
18 qualified taxpayer to individual residents of Hawaii who have an



1 annual income that is per cent below the federal poverty
2 level.

3 "Qualified taxpayer" means an attorney who is licensed and
4 in good standing in Hawaii during the taxable year that the
5 qualified legal services are provided.

6 (c) The amount of the tax credit shall be equal to
7 \$ for every hours of qualified legal services
8 provided by the qualified taxpayer during the taxable year;
9 provided that the maximum allowable tax credit in any taxable
10 year shall not exceed \$.

11 (d) If the tax credit under this section exceeds the
12 taxpayer's net income tax liability, the excess of credit over
13 liability may be used as a tax credit against the taxpayer's net
14 income tax liability in subsequent years until exhausted. All
15 claims for a tax credit under this section, including amended
16 claims, shall be filed on or before the end of the twelfth month
17 following the close of the taxable year for which the tax credit
18 may be claimed. Failure to comply with the foregoing provision
19 shall constitute a waiver of the right to claim the tax credit.

20 (e) The director of taxation shall prepare any forms that
21 may be necessary to claim a credit under this section. The
22 director may also require the taxpayer to furnish information to



1 ascertain the validity of the claim for the tax credit made
2 under this section and may adopt rules necessary to effectuate
3 the purposes of this section pursuant to chapter 91."

4 SECTION 2. New statutory material is underscored.

5 SECTION 3. This Act, upon its approval, shall apply to
6 taxable years beginning after December 31, 2010.

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INTRODUCED BY: Shannon Crum Ballard

Joe Chan Jr
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Report Title:

Tax Credit; Pro Bono Legal Services

Description:

Establishes a tax credit for an attorney who is licensed and in good standing in Hawaii who provides pro bono legal services to an individual resident of Hawaii that has an annual income that is a certain percentage below the federal poverty level.

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