
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- Historic preservation tax credit. (a) There
5 shall be allowed to each individual and corporate taxpayer who
6 is not claimed or is not otherwise eligible to be claimed as a
7 dependent by another taxpayer for federal or Hawaii state
8 individual income tax purposes, who files an individual or
9 corporate net income tax return for a taxable year, an historic
10 preservation tax credit, which shall be deductible from the
11 taxpayer's net income tax liability, if any, imposed by this
12 chapter for the taxable year in which the tax credit is properly
13 claimed; provided that:

14 (1) An individual who has no income or no income taxable
15 under this chapter and who is not claimed or is not
16 otherwise eligible to be claimed as a dependent by a
17 taxpayer for federal or Hawaii state individual income
18 tax purposes may claim this tax credit; and



1 (2) A husband and wife filing separate returns for a
2 taxable year for which a joint return could have been
3 filed by them shall claim only the tax credit to which
4 they would have been entitled had a joint return been
5 filed.

6 For purposes of this section, the term "husband and wife"
7 shall include any individuals who are party to a reciprocal
8 beneficiary relationship or a civil union and who are otherwise
9 eligible to file a joint tax return.

10 (b) The tax credit shall apply to the qualifying costs
11 expended to rehabilitate or preserve archaeological, cultural,
12 and historic structures in the State. The amount of the tax
13 credit shall be _____ per cent of the taxpayer's qualifying
14 costs; provided that no single claim for a tax credit shall
15 exceed \$ _____.

16 (c) In the case of a partnership, S corporation, estate,
17 or trust, the tax credit is for qualifying costs incurred by the
18 entity for the taxable year. The costs upon which the tax
19 credit is computed shall be determined at the entity level and
20 the distribution and share of the tax credit shall be determined
21 by rule.



- 1 (d) To qualify for the income tax credit, the taxpayer
2 shall:
- 3 (1) Qualify under criteria or rules adopted by the Hawaii
4 historic places review board pursuant to chapter 91,
5 that shall include, but not be limited to:
- 6 (A) Criteria for qualifying structures;
7 (B) A definition of "qualifying costs";
8 (C) Standards to ensure that the rehabilitation or
9 preservation preserves the archaeological,
10 cultural, or historic character of the structure;
11 (D) A minimum amount, or threshold, required to be
12 invested in the rehabilitation or preservation;
13 (E) Provisions for recapture of the credit; and
- 14 (2) Be in compliance with all applicable federal, state,
15 and county statutes, rules, and regulations.
- 16 (e) If the tax credit under this section exceeds the
17 taxpayer's income tax liability, the excess of credit over
18 liability shall be refunded to the taxpayer; provided that no
19 refund on account of the tax credit allowed by this section
20 shall be made for amounts less than \$1.
- 21 All claims, including any amended claims, for the tax
22 credit under this section shall be filed on or before the end of



1 the twelfth month following the close of the taxable year for
2 which the credit may be claimed. Failure to comply with the
3 foregoing provision shall constitute a waiver of the right to
4 claim the credit.

5 (f) If at any time, for whatever reason, the taxpayer does
6 not satisfy the recapture provisions referred to in subparagraph
7 (d) (1) (E), or the taxpayer no longer qualifies for the tax
8 credit claimed under this section, the tax credits shall be
9 recaptured. The recapture shall be equal to _____ per cent of
10 the total tax credits claimed under this section. The amount of
11 the recaptured tax credits shall be added to the taxpayer's tax
12 liability for the taxable year in which the recapture occurs.

13 (g) The director of taxation:

14 (1) Shall prepare any forms necessary to claim a tax
15 credit under this section;

16 (2) May require the taxpayer to provide reasonable
17 information to ascertain the validity of the claim for
18 credit under this section; and

19 (3) May adopt rules pursuant to chapter 91 to effectuate
20 the purposes of this section.

21 (h) The department of taxation shall report to the
22 legislature annually, no later than twenty days prior to the



1 convening of every regular session, on the number of taxpayers
2 claiming the tax credit under this section and the total cost of
3 the tax credit to the State during the past year."

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, 2012.



Report Title:

Historic Preservation; Income Tax Credit

Description:

Establishes an income tax credit for the rehabilitation or preservation of archaeological, cultural, or historic structures in the State. Applies to taxable years beginning after December 31, 2012. (HB1074 HD1)

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