

JAN 18 2013

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that the department of
2 business, economic development, and tourism reported visitor
3 arrivals to Hawaii for 2011 totaling roughly 7.3 million.
4 Projections for 2012 were 8 million representing a 9.4 per cent
5 annual increase, and 8.3 for 2013 representing a 3.9 per cent
6 annual increase. These visitors include many heads of
7 corporations who may be attracted to relocate their businesses
8 or branch out to Hawaii.

9 The purpose of this Act is to encourage certain businesses
10 meeting specific requirements to relocate their corporate or
11 regional headquarters to Hawaii by establishing a tax exemption.

12 SECTION 2. Section 235-9, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§235-9 Exemptions; generally.** (a) Except as provided in
15 sections 235-61 to 235-67 relating to withholding and collection
16 of tax at source, and section 235-2.4 relating to "unrelated
17 business taxable income", the following persons and

18 organizations shall not be taxable under this chapter: banks,



1 building and loan associations, financial services loan
2 companies, financial corporations, small business investment
3 companies, trust companies, mortgage loan companies, financial
4 holding companies, subsidiaries of financial holding companies
5 as defined in chapter 241, and development companies taxable
6 under chapter 241; insurance companies, agricultural cooperative
7 associations, and fish marketing associations exclusively
8 taxable under other laws; and persons engaged in the business of
9 motion picture and television film production as defined by the
10 director of taxation.

11 (b) Except as provided in sections 235-61 to 235-67
12 relating to withholding and collection of tax at source, and
13 section 235-2.4 relating to "unrelated business taxable income",
14 a qualifying corporation shall not be taxable under this
15 chapter; provided that the qualifying corporation is an eligible
16 business that relocates its corporate or regional headquarters
17 to the State from outside of the State.

18 The director of taxation shall prepare forms that may be
19 necessary to claim an exemption under this subsection. The
20 director may also require the eligible business to furnish
21 information to ascertain the validity of the claim for an
22 exemption made under this subsection and may adopt rules



1 necessary to effectuate the purposes of this subsection pursuant
2 to chapter 91.

3 (c) As used in this section:

4 "Corporate headquarters" means the building or buildings
5 where the principal offices of the principal executive officers
6 of an eligible business are located.

7 "Eligible business" means a business that:

- 8 (1) Is engaged in either interstate or intrastate
9 commerce;
- 10 (2) Maintains a corporate or regional headquarters at a
11 location outside the State;
- 12 (3) Has not previously maintained a corporate or regional
13 headquarters at a location in the State;
- 14 (4) Had annual worldwide revenues of at least \$100,000,000
15 for the taxable year immediately preceding the
16 business's application for an exemption under this
17 section; and
- 18 (5) Commits contractually to relocating its corporate or
19 regional headquarters to a location in the State.

20 "Regional headquarters" means the building or buildings
21 where the regional offices of the principal executive officers
22 of an eligible business are located."



1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act shall take effect on July 1, 2013, and
3 shall apply to taxable years beginning after December 31, 2012;
4 provided that on June 30, 2018, this Act shall be repealed and
5 section 235-9, Hawaii Revised Statutes, shall be reenacted in
6 the form in which it read on the day prior to the effective date
7 of this Act.

8 INTRODUCED BY: *Thomas Chun Akaka*



S.B. NO. 520

Report Title:

Headquarters Relocation Tax Exemption

Description:

Establishes a tax exemption for certain businesses that relocate their corporate or regional headquarters to Hawaii.

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