
A BILL FOR AN ACT

RELATING TO RESEARCH ACTIVITIES.

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

1 SECTION 1. Section 235-110.91, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Section 41 (with respect to the credit for increasing
4 research activities) and section 280C(c) (with respect to
5 certain expenses for which the credit for increasing research
6 activities are allowable) of the Internal Revenue Code shall be
7 operative for the purposes of this chapter as provided in this
8 section; provided that references to the base amount in section
9 41 of the Internal Revenue Code shall not apply and credit for
10 all qualified research expenses may be taken without regard to
11 the amount of expenses for previous years; provided further that
12 the federal tax provisions in section 41 of the Internal Revenue
13 Code, as that section was enacted on December 31, 2011,
14 irrespective of any subsequent changes to section 41 of the
15 Internal Revenue Code, shall remain in effect for purposes of
16 determining the state income tax credit under this section;
17 provided further that the federal tax provisions in section 41
18 of the Internal Revenue Code, as enacted on December 31, 2011,



1 irrespective of any subsequent amendments to section 41 of the
2 Internal Revenue Code, shall apply only to expenses incurred for
3 qualified research activities after December 31, 2012."

4 SECTION 2. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so much
6 thereof as may be necessary for fiscal year 2014-2015 for the
7 establishment of one full-time equivalent (1.00 FTE) permanent
8 compliance specialist position in the department of taxation to
9 assist with the certification and administration requirements of
10 the tax credit for research activities under section 235-110.91,
11 Hawaii Revised Statutes.

12 The sum appropriated shall be expended by the department of
13 taxation for the purposes of this Act.

14 SECTION 3. New statutory material is underscored.

15 SECTION 4. This Act shall take effect on July 1, 2030, and
16 shall apply to taxable years beginning after December 31, 2013;
17 provided that section 2 of this Act shall take effect on July 1,
18 2030.



Report Title:

Tax Credit; Research Activities; Appropriation

Description:

Provides that, notwithstanding provisions of the Internal Revenue Code to the contrary, the amount of the state tax credit for research activities shall be calculated based on all qualified research expenses for the taxable year, instead of on the increase of expenses over past years. Appropriates funds for a compliance specialist position within DOTAX to assist with administration of the tax credit. Effective 7/1/2030. (SD1)

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

