

JAN 24 2013

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 resident individual and corporate
6 taxpayer who is not claimed or is not otherwise eligible to be
7 claimed as a dependent by another taxpayer for federal or Hawaii
8 state 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) A resident individual who has no income or no income
15 taxable under this chapter and who is not claimed or
16 is not otherwise eligible to be claimed as a dependent
17 by a taxpayer for federal or Hawaii state individual
18 income 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 (b) The tax credit shall apply to the qualifying costs
7 expended to rehabilitate or preserve historic structures in the
8 State. The amount of the tax credit shall be per cent
9 of the taxpayer's qualifying costs; provided that no single
10 claim for a tax credit shall exceed \$.

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

17 (d) To qualify for the income tax credit, the taxpayer
18 shall:

19 (1) Qualify under criteria or rules adopted by the Hawaii
20 historic places review board pursuant to chapter 91,
21 that shall include, but not be limited to:

22 (A) Criteria for qualifying structures;



1 (B) A definition of "qualifying costs";

2 (C) Standards to ensure that the rehabilitation
3 preserves the historic and architectural
4 character of the structure; and

5 (D) A minimum amount, or threshold, required to be
6 invested in the rehabilitation or preservation;
7 and

8 (2) Be in compliance with all applicable federal, state,
9 and county statutes, rules, and regulations.

10 (e) If the tax credit under this section exceeds the
11 taxpayer's income tax liability, the excess of credit over
12 liability shall be refunded to the taxpayer; provided that no
13 refund on account of the tax credit allowed by this section
14 shall be made for amounts less than \$1.

15 All claims, including any amended claims, for the tax
16 credit under this section shall be filed on or before the end of
17 the twelfth month following the close of the taxable year for
18 which the credit may be claimed. Failure to comply with the
19 foregoing provision shall constitute a waiver of the right to
20 claim the credit.

21 (f) If at any time, for whatever reason, the taxpayer no
22 longer qualifies for the tax credit claimed under this section,



1 the tax credits shall be recaptured. The recapture shall be
2 equal to _____ per cent of the total tax credits claimed under
3 this section. The amount of the recaptured tax credits shall be
4 added to the taxpayer's tax liability for the taxable year in
5 which the recapture occurs.

6 (g) The director of taxation:

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

9 (2) May require the taxpayer to provide reasonable
10 information to ascertain the validity of the claim for
11 credit under this section; and

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

14 (h) The department of taxation shall report to the
15 legislature annually, no later than twenty days prior to the
16 convening of every regular session, on the number of taxpayers
17 claiming the tax credit and the total cost of the tax credit to
18 the State during the past year."

19 SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2012.

3

INTRODUCED BY: Shiranne Ann Clarkland

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S.B. NO. 1322

Report Title:

Historic Preservation; Income Tax Credit

Description:

Establishes an income tax credit for the rehabilitation or preservation of historic structures in the State.

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