

JAN 17 2014

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# 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 shall not  
9 apply and credit for all qualified research expenses may be  
10 taken without regard to the amount of expenses for previous  
11 years; provided further that the federal tax provisions in  
12 section 41 of the Internal Revenue Code, as that section was  
13 enacted on December 31, 2011, irrespective of any subsequent  
14 changes to section 41 of the Internal Revenue Code, shall remain  
15 in effect for purposes of determining the state income tax  
16 credit under this section; provided further that the federal tax  
17 provisions in section 41 of the Internal Revenue Code, as  
18 enacted on December 31, 2011, irrespective of any subsequent



# S.B. NO. 2323

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

4 SECTION 2. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon its approval.

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# S.B. NO. 2323

**Report Title:**

Tax Credit; Research Activities

**Description:**

Clarifies that sections 41 and 280C(c) of the Internal Revenue Code shall be relied upon for calculating the state tax credit for research activities except that references to the base amount shall not apply and credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years.

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