
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 there is a great
2 need for Hawaii to develop and support manufacturing in the
3 State. At the same time, there is a great demand outside the
4 State for products that are made in Hawaii.

5 The purpose of this Act is to promote manufacturing in
6 Hawaii by establishing a temporary income tax credit for
7 taxpayers who incur expenses for manufacturing products in
8 Hawaii.

9 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
10 amended by adding a new section to be appropriately designated
11 and to read as follows:

12 "§235- Manufacturing tax credit. (a) There shall be
13 allowed to each taxpayer subject to the tax imposed by this
14 chapter, an income tax credit, which shall be deductible from
15 the taxpayer's net income tax liability, if any, imposed by this
16 chapter for the taxable year in which the credit is properly
17 claimed.



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

5 (d) The director of taxation:

6 (1) Shall prepare any forms that may be necessary to claim
7 a credit under this section;

8 (2) May require the taxpayer to furnish information to
9 ascertain the validity of the claim for credit made
10 under this section; and

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

13 (e) The department of business, economic development, and
14 tourism shall:

15 (1) Maintain records of the total amount of qualified
16 manufacturing costs for each taxpayer claiming a
17 credit;

18 (2) Verify the amount of the qualified manufacturing costs
19 claimed;

20 (3) Total all qualified manufacturing costs claimed; and

21 (4) Certify the total amount of the tax credit for each
22 taxable year.



1 Upon each determination, the department of business,
2 economic development, and tourism shall issue a certificate to
3 the taxpayer verifying the qualified manufacturing costs and the
4 credit amount certified for each taxable year.

5 The taxpayer shall file the certificate with the taxpayer's
6 tax return with the department of taxation. Notwithstanding the
7 department of business, economic development, and tourism's
8 certification authority under this section, the director of
9 taxation may audit and adjust certification to conform to the
10 facts.

11 (f) As used in this section:

12 "Net income tax liability" means income tax liability
13 reduced by all other credits allowed under this chapter.

14 "Qualified manufacturing costs" means expenditures for:

15 (1) Costs incurred to purchase equipment to be used in
16 manufacturing tangible personal property in the State;
17 and

18 (2) Costs incurred to train employees to manufacture
19 tangible personal property in the State;

20 provided that "qualified manufacturing costs" does not include
21 any costs for which another credit is claimed under this
22 chapter."



1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act shall take effect on July 1, 2050;

3 provided that:

4 (1) Section 2 shall apply to taxable years beginning after
5 December 31, 2014; and

6 (2) This Act shall be repealed on January 1, 2023.



Report Title:

Manufacturing Tax Credit

Description:

Establishes an income tax credit for taxpayers who incur certain expenses for manufacturing products in Hawaii. Effective 7/1/2050. Repeals 1/1/2023. (SD2)

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