

---

---

# A BILL FOR AN ACT

RELATING TO THE CAPITAL INFRASTRUCTURE TAX CREDIT.

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

1 SECTION 1. Section 235-17.5, Hawaii Revised Statutes, is  
2 amended as follows:

3 1. By amending its title to read:

4 "~~[-]~~**§235-17.5**~~[+]~~ **Capital infrastructure tax credit.**"

5 2. By amending subsections (b) and (c) to read:

6 "(b) For the purpose of this section:

7 "Base investment" means the amount of money invested by an  
8 investor~~[-]~~ with a qualified infrastructure tenant.

9 "Capital infrastructure costs" means capital expenditures,  
10 as used in section 263 of the Internal Revenue Code and the  
11 regulations promulgated thereunder; provided that the capital  
12 expenditures are for real property, ~~[and]~~ fixtures, structures,  
13 machinery, equipment, or other ship repair specific capital  
14 assets that are paid or incurred, including payments against  
15 capital financing by loan or capital lease, in connection with  
16 the displaced tenant's move of the tenant's current active trade  
17 or business to the tenant's new location~~[-]~~ within Honolulu



1 harbor; provided further that the capital infrastructure costs  
2 shall not include amounts for which another credit is claimed[-]  
3 under this chapter.

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

6 "Qualified infrastructure tenant" means a business:

- 7 (1) That currently owns capital or property or maintains  
8 an office, operations, or facilities at the former  
9 Kapalama military reservation site;
- 10 (2) Whose principal business is maritime, and waterfront  
11 dependent, and is [~~included under the State's plan to~~  
12 ~~relocate the business to piers twenty four through~~  
13 ~~twenty eight~~] to be relocated within Honolulu harbor;  
14 and
- 15 (3) [~~Will~~] That will be displaced and relocated by the  
16 State pursuant to the Kapalama container terminal  
17 project [-]; or
- 18 (4) That may also include a special purpose entity formed  
19 for purposes of raising investor capital pursuant to  
20 this credit; provided that the special purpose entity  
21 cannot generate any additional credits beyond the



1           limits per qualified infrastructure tenant as provided  
2           under subsection (c).

3           (c) The amount of the tax credit shall be equal to fifty  
4 per cent of the capital infrastructure costs paid or incurred by  
5 the qualified infrastructure tenant during the taxable year up  
6 to a maximum of [~~\$2,500,000~~] \$ \_\_\_\_\_ in [~~capital~~  
7 ~~infrastructure costs~~] tax credits per qualified infrastructure  
8 tenant in any taxable year, provided that the qualified  
9 infrastructure tenant shall notify the taxpayer claiming the  
10 credit under subsection (a) of the amount of capital  
11 infrastructure costs which may be claimed. If the capital  
12 infrastructure costs paid or incurred by the qualified  
13 infrastructure tenant result in a tax credit in excess of  
14 \$ \_\_\_\_\_ in any taxable year, the excess capital infrastructure  
15 costs may be carried over and applied to subsequent taxable  
16 years, until exhausted, for computation of the tax credit."

17           SECTION 2. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19           SECTION 3. This Act, upon its approval, shall apply to  
20 taxable years beginning after December 31, 2014.



**Report Title:**

Tax Credits; Capital Infrastructure; Honolulu Harbor

**Description:**

Amends the maximum Capital Infrastructure Tax Credit for qualified tenants per taxable year. Allows excess capital infrastructure tax credits to be applied to subsequent tax years. Expands claimable capital expenditures. Includes as a qualified infrastructure tenant, investors formed to raise capital pursuant to the credit. (HB1167 HD1)

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

