
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- Hotel construction tax credit. (a) There shall
5 be allowed to each taxpayer, subject to the taxes imposed by
6 this chapter and chapter 237D, an income tax credit that shall
7 be deductible from the taxpayer's net income tax liability, if
8 any, imposed by this chapter for the taxable year in which the
9 credit is properly claimed.

10 (b) The amount of the credit shall be per cent of the
11 construction costs incurred during the taxable year for each new
12 hotel facility constructed and located in the State and shall
13 not include the construction costs for which another credit was
14 claimed under this chapter for the taxable year.

15 (c) In the case of a partnership, S corporation, estate,
16 or trust, the tax credit shall be determined at the entity
17 level. Distribution and share of credit shall be the same



1 amount as the capital goods excise tax credit under section 235-
2 110.7(a).

3 (d) If a deduction is taken under section 179 (with
4 respect to election to expense certain depreciable business
5 assets) of the Internal Revenue Code, no tax credit shall be
6 allowed for that portion of the construction cost for which the
7 deduction was taken.

8 The basis of eligible property for depreciation or
9 accelerated cost recovery system purposes for state income taxes
10 shall be reduced by the amount of credit allowable and claimed.
11 In the alternative, the taxpayer shall treat the amount of the
12 credit allowable and claimed as a taxable income item for the
13 taxable year in which it is properly recognized under the method
14 of accounting used to compute taxable income.

15 (e) The credit allowed under this section shall be claimed
16 against the net income tax liability for the taxable year.

17 (f) The director of taxation shall prepare forms as may be
18 necessary to claim a credit under this section. The director
19 may also require the taxpayer to furnish information to
20 ascertain the validity of the claim for credit made under this



1 section and may adopt rules necessary to effectuate the purposes
2 of this section pursuant to chapter 91.

3 (g) The tax credit allowed under this section shall be
4 available for taxable years beginning after December 31, 2015,
5 and shall not be available for taxable years beginning after
6 December 31, 2021.

7 (h) As used in this section:

8 "Construction cost" means any costs incurred after December
9 31, 2015, for plans, design, construction, and equipment related
10 to construction of a new hotel facility located in the State.

11 "Hotel facility" means an establishment consisting of any
12 building or structure used primarily for the business of
13 providing, for consideration, transient hotel accommodation
14 lodging facilities that furnish, as part of its routine
15 operations, one or more customary lodging services, other than
16 living accommodations and furniture and fixtures, including but
17 not limited to, restaurant facilities, room attendant or bell
18 services, telephone switchboard operations, laundry services, or
19 concierge services, and is subject to the transient
20 accommodations tax under chapter 237D. "Hotel facility" does
21 not include any building or structure that is used, or contains



1 any room that is used, as a "condominium" as defined under
2 section 514B-3 or "time share unit" as defined under section
3 514E-1.

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

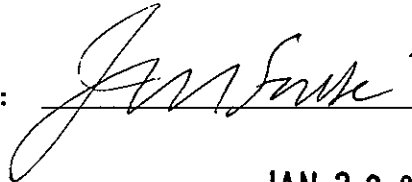
6 "Taxpayer" means an owner of a hotel facility located in
7 the State."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act shall take effect upon its approval
10 and shall apply to taxable years beginning after December 31,
11 2015, and ending before January 1, 2021.

12

INTRODUCED BY:



JAN 22 2015



H.B. NO. 133

Report Title:

New Hotel Construction; Income Tax Credit

Description:

Provides an income tax credit for costs incurred in new hotel construction.

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