
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 235-110.91, Hawaii Revised Statutes, is
2 amended as follows:
3 1. By amending subsection (a) to read:
4 "(a) Section 41 (with respect to the credit for increasing
5 research activities) and section 280C(c) (with respect to
6 certain expenses for which the credit for increasing research
7 activities are allowable) of the Internal Revenue Code shall be
8 operative for the purposes of this chapter as provided in this
9 section; provided that the federal tax provisions in section 41
10 of the Internal Revenue Code, as that section was enacted on
11 December 31, 2011, irrespective of any subsequent changes to
12 section 41 of the Internal Revenue Code, shall remain in effect
13 for purposes of determining the state income tax credit under
14 this section; provided further that the federal tax provisions
15 in section 41 of the Internal Revenue Code, as enacted on
16 December 31, 2011, irrespective of any subsequent amendments to
17 section 41 of the Internal Revenue Code, shall apply only to



1 expenses incurred for qualified research activities after
2 December 31, 2012[-]; provided further that, for tax years
3 beginning after December 31, 2018, there shall be allowed a
4 Hawaii state income tax credit of one and one-quarter times any
5 credit as calculated under the federal tax provisions in section
6 41 of the Internal Revenue Code as enacted on December 31,
7 2011."

8 2. By amending subsection (c) to read:

9 "(c) There shall be allowed to each qualified high
10 technology business subject to the tax imposed by this chapter
11 an income tax credit for qualified research activities equal to
12 the credit for research activities provided by section 41 of the
13 Internal Revenue Code and as modified by this section; provided
14 that, in addition to any other requirements established in this
15 section, in order to qualify for the tax credit established in
16 this section, the qualified high technology business shall also
17 claim a federal tax credit for the same qualified research
18 activities under section 41 of the Internal Revenue Code, as
19 enacted on December 31, 2011, irrespective of any subsequent
20 amendments to section 41 of the Internal Revenue Code. The
21 credit shall be deductible from the taxpayer's net income tax



1 liability, if any, imposed by this chapter for the taxable year
 2 in which the credit is properly claimed[-]; provided further
 3 that, for tax years beginning after December 31, 2018, there
 4 shall be allowed a Hawaii state income tax credit of one and
 5 one-quarter times any credit as calculated under the federal tax
 6 provisions in section 41 of the Internal Revenue Code as enacted
 7 on December 31, 2011."

8 3. By amending subsection (n) to read:




9 "(n) This section shall not apply to taxable years
 10 beginning after December 31, [~~2019-~~] 20 ."

11 SECTION 2. Statutory material to be repealed is bracketed
 12 and stricken. New statutory material is underscored.

13 SECTION 3. This Act, upon its approval, shall apply to
 14 taxable years beginning after December 31, 2018.

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INTRODUCED BY: 



H.B. NO. 339

Report Title:

Taxation; State Tax Credit for Research Activities; Increase; Extension

Description:

Increases the state tax credit for research activities to one and one-quarter times the allowable federal tax credit. Amends qualifying tax years.

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

