
A BILL FOR AN ACT

RELATING TO TAXATION.

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

SECTION 1. Section 235-9.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Notwithstanding any law to the contrary, all income earned and proceeds derived from stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business by ~~[an]~~:

(1) An employee, officer, or director of the qualified high technology business, as defined in this section;

or

(2) An investor who qualifies for the credit under section 235-110.9,

that would otherwise be taxed as ordinary income or as capital gains to those persons shall be excluded from taxation under this chapter~~[-]~~; provided that all income earned and proceeds derived from stock options or stock pursuant to this section in



1 excess of \$50,000 in the taxable year shall be taxed at the
2 applicable income tax rate under this chapter.

3 Similar provisions shall apply to options to acquire equity
4 interests and to equity interests themselves with regard to
5 entities other than corporations."

6 SECTION 2. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 3. This Act shall take effect upon its approval,
9 and shall apply to taxable years beginning after December 31,
10 2020.



Report Title:

Taxation; Qualified High Technology Business; Stock Options;
Exclusion

Description:

Provides that up to \$50,000 per year in income earned and proceeds derived from stock options or stock by an employee from a qualified high technology business, as defined therein, or an investor who qualifies for a high technology business investment tax credit, shall be excluded from taxation, provided that amounts in excess of \$50,000 in the taxable year shall be taxed at the applicable income tax rate. (SD1)

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