
SENATE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF TAXATION TO REDRAFT THE CAPITAL
GOODS EXCISE TAX CREDIT TO REMEDY OLD REFERENCES TO
REPEALED LAW AND TO INCORPORATE THE CURRENT STATUS OF THE
INTERNAL REVENUE CODE.

1 WHEREAS, section 235-110.7, Hawaii Revised Statutes (HRS),
2 the capital goods excise tax credit, was enacted in 1987 to
3 provide relief for businesses by providing an income tax credit
4 for the four per cent general excise paid for capital goods; and
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6 WHEREAS, the capital goods excise tax credit was based on
7 the Internal Revenue Code investment tax credit in effect at the
8 time; and
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10 WHEREAS, many of the provisions in section 235-110.7, HRS,
11 refer to definitions and other provisions of the Internal
12 Revenue Code, but do not include the actual language from the
13 Internal Revenue Code; and
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15 WHEREAS, portions of section 235-110.7, HRS, also "freeze"
16 the Internal Revenue Code provisions as of December 31, 1984;
17 and
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19 WHEREAS, this is the only provision in Hawaii income tax
20 law that refers to Internal Revenue Code provisions that are
21 frozen in time; and
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23 WHEREAS, over the course of more than twenty years some of
24 the provisions of the Internal Revenue Code referred to in
25 section 235-110.7, HRS, the capital goods excise tax credit,
26 have been repealed; and
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28 WHEREAS, with the repeal of these provisions, practitioners
29 such as certified public accountants, attorneys, and others
30 practicing in the tax area are not able to find these Internal

1 Revenue Code provisions as they are no longer easily accessible
2 or are not accessible at all; and
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4 WHEREAS, the inability of tax practitioners to access the
5 appropriate Internal Revenue Code provisions results in
6 incorrect advice to clients or poorly filed claims for the
7 capital goods excise tax credit; and
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9 WHEREAS, in order to assist both the Department of Taxation
10 and tax practitioners to correctly assist taxpayers, the
11 provisions of the Internal Revenue Code should be codified in
12 section 235-110.7, HRS; now, therefore,
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14 BE IT RESOLVED by the Senate of the Twenty-Fourth
15 Legislature of the State of Hawaii, Regular Session of 2007, the
16 House of Representatives concurring, that the Department of
17 Taxation is requested to redraft the capital goods excise tax
18 credit to remedy old references to repealed law and to
19 incorporate the current status of the Internal Revenue Code.
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21 BE IT FURTHER RESOLVED that the Department of Taxation is
22 requested to submit proposed legislation directly to the
23 Legislature for introduction in the Regular Session of 2008; and
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25 BE IT FURTHER RESOLVED that a certified copy of this
26 Concurrent Resolution be transmitted to the Director of
27 Taxation.