

MAR 14 2007

SENATE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF TAXATION TO CODIFY THE LANGUAGE OF
THE REFERENCES TO INTERNAL REVENUE CODE PROVISIONS IN
SECTION 235-110.7, HAWAII REVISED STATUTES.

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26 have been repealed; and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
31 Revenue Code provisions as they are no longer easily accessible
32 or are not accessible at all; and



WHEREAS, the inability of tax practitioners to access the appropriate Internal Revenue Code provisions results in incorrect advice to clients or poorly filed claims for the capital goods excise tax credit; and

WHEREAS, in order to assist both the Department of Taxation and tax practitioners to correctly assist taxpayers, the provisions of the Internal Revenue Code should be codified in section 235-110.7, HRS; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-Fourth Legislature of the State of Hawaii, Regular Session of 2007, the House of Representatives concurring, that the Department of Taxation is requested to codify the language of the references to Internal Revenue Code provisions in section 235-110.7, Hawaii Revised Statutes, in one or more sections of the income tax law; and

BE IT FURTHER RESOLVED that the Department of Taxation is requested to include the codification as part of the Department's bills package to be submitted to the Regular Session of 2008; and

BE IT FURTHER RESOLVED that a certified copy of this Concurrent Resolution be transmitted to the Director of Taxation.

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