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# A BILL FOR AN ACT

RELATING TO TAX CREDITS.

**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- Shopping mall renovation tax credit. (a) There  
5 shall be allowed to each taxpayer subject to the taxes imposed  
6 by this chapter, a shopping mall renovation tax credit, which  
7 shall be deductible from the taxpayer's net income tax  
8 liability, if any, imposed by this chapter for the taxable year  
9 in which the credit is properly claimed.

10           (b) The amount of the credit shall be \_\_\_\_\_ per cent of  
11 the renovation costs incurred during the taxable year for each  
12 qualified shopping mall facility located in Hawaii, and shall  
13 not include the renovation costs for which any other 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 allowable is for renovation costs  
17 incurred by the entity for the taxable year. The cost upon  
18 which the tax credit is computed shall be determined at the



1 entity level. Distribution and share of credit shall be  
2 determined pursuant to section 235-110.7(a).

3 (d) If a deduction is taken under section 179 (with  
4 respect to election to expense depreciable business assets) of  
5 the Internal Revenue Code of 1986, as amended, no tax credit  
6 shall be allowed for that portion of the renovation cost for  
7 which the deduction is 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) If the tax credit under this section exceeds the  
16 taxpayer's income tax liability, the excess of credit over  
17 liability shall be refunded to the taxpayer; provided that no  
18 refunds or payment on account of the tax credits allowed by this  
19 section shall be made for amounts less than \$1.

20 (f) All claims for a tax credit under this section shall  
21 be filed on or before the end of the twelfth month following the  
22 close of the taxable year for which the credit may be claimed.



1 Failure to comply with the foregoing provision shall constitute  
2 a waiver of the right to claim the credit.

3 (g) The director of taxation shall prepare any forms that  
4 may be necessary to claim a credit under this section. The  
5 director may also require the taxpayer to furnish information to  
6 ascertain the validity of the claim for credit made under this  
7 section and may adopt rules necessary to effectuate the purposes  
8 of this section pursuant to chapter 91.

9 (h) The tax credit allowed under this section shall be  
10 available for taxable years beginning after December 31, 2007.

11 (i) To qualify for the income tax credit, the taxpayer  
12 shall be in compliance with all applicable federal, state, and  
13 county statutes, rules, and regulations.

14 (j) As used in this section:

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

17 "Qualified shopping mall facility" means a group of retail  
18 or professional establishments enclosed or partially enclosed in  
19 or connected by a public walkway or hall area and their  
20 appurtenant structures."

21 "Renovation cost" means any costs incurred after December  
22 31, 2007, for plans, design, construction, and equipment related



1 to alterations or modifications to a qualified shopping mall  
2 facility.

3 SECTION 2. New statutory material is underscored.

4 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

*[Signature]*  
Karen Awana  
Muhiney. Mayuz  
J. White

*[Signature]*  
John M. [Signature]

JAN 23 2007



**Report Title:**

Shopping Mall Renovation; Tax Credit

**Description:**

Establishes the shopping mall renovation tax credit.

