
A BILL FOR AN ACT

RELATING TO TAXATION.

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- High technology cooperative education tax credit.**

5 (a) There shall be allowed to each eligible taxpayer who is not
6 claimed or is not otherwise eligible to be claimed as a
7 dependent by another taxpayer for federal or Hawaii state
8 individual income tax purposes, who files an individual or
9 corporate net income tax return for a taxable year, a high
10 technology cooperative education tax credit that shall be
11 deductible from the taxpayer's net income tax liability imposed
12 by this chapter for the taxable year in which the tax credit is
13 properly claimed.

14 (b) The amount of the tax credit shall be equal to the
15 expenses properly claimed by an eligible taxpayer for costs
16 related to the establishment, training, supervision, and other
17 related costs incurred to operate a cooperative education
18 program for public high school students in the taxpayer's



1 qualified high technology business; provided that the tax credit
2 shall not exceed \$5,000 per claim.

3 (c) The credit allowed under this section shall be claimed
4 against net income tax liability for the taxable year.

5 (d) If the taxpayer is a partnership, S corporation,
6 estate, or trust, the tax credit is for the expenses incurred by
7 the entity for the taxable year. The costs upon which the tax
8 credit is computed shall be determined at the entity level.

9 Distribution and share of the tax credit shall be determined by
10 rules.

11 (e) If the tax credit under this section exceeds the
12 taxpayer's net income tax liability under this chapter, any
13 excess of the tax credit may be used as a credit against the
14 taxpayer's income tax liability in subsequent taxable years
15 until exhausted.

16 (f) Every claim, including amended claims, for the tax
17 credit under this section shall be filed on or before the end of
18 the twelfth month following the close of the taxable year for
19 which the tax credit may be claimed. Failure to comply with the
20 foregoing provision shall constitute a waiver of the right to
21 claim the tax credit.

22 (g) The director of taxation:



1 (1) Shall prepare such forms as may be necessary to claim
2 a tax credit under this section;

3 (2) May require proof of the claim for the tax credit; and

4 (3) May adopt rules pursuant to chapter 91 to effectuate
5 the purposes of this section.

6 (h) The department of education shall adopt rules pursuant
7 to chapter 91 to effectuate this section.

8 (i) The department of taxation shall report to the
9 legislature annually, no later than twenty days prior to the
10 convening of every regular session, on the number of taxpayers
11 claiming the tax credit and the total cost of the tax credit to
12 the state during the past year.

13 (j) As used in this section, "eligible taxpayer" means a
14 person or business entity that:

15 (1) Owns or operates a "qualified high technology
16 business", as that term is defined in section 235-
17 110.9, and establishes and operates a high technology
18 cooperative education program pursuant to rules
19 adopted by the department of education; and

20 (2) Is in compliance with all applicable federal, state,
21 and county statutes, rules, and regulations.



1 "Net income tax liability" means net income tax liability
2 reduced by all other credits allowed the taxpayer under this
3 chapter."

4 SECTION 2. New statutory material is underscored.

5 SECTION 3. This Act shall take effect on July 1, 2034 and
6 shall apply to taxable years beginning after December 31, 2006.



Report Title:

Tax Credit; Education; High Technology

Description:

Provides a tax credit to high technology businesses that train high school students in a cooperative education program. (HB584 HD1)

