
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The purpose of this Act is to temporarily:

2 (1) Increase the tax rate on banks and other financial
3 corporations;

4 (2) Repeal the requirement that \$2,000,000 of the tax
5 revenues from banks and other financial corporations
6 be deposited into the compliance resolution fund; and

7 (3) Authorize the commissioner of financial institutions
8 to expedite the imposition of fees on banks and other
9 financial corporations.

10 SECTION 2. Section 241-4, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read as follows:

12 "(a) The measure of the tax imposed by this chapter is the
13 entire net income from all sources for the preceding calendar
14 year, or in the case of a taxpayer operating on a fiscal year
15 basis, for the preceding fiscal year. The tax shall be at the
16 rate of [~~seven and ninety-two~~] eight and seventy-one one
17 hundredths per cent of the entire net income from all sources."



1 SECTION 3. Section 241-4.3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~f~~] §241-4.3 [~~f~~] Alternative tax. Section 1201 (with
4 respect to alternative tax for corporations) of the Internal
5 Revenue Code shall be operative for the purposes of this chapter
6 and shall be applied as set forth in this section. If for any
7 taxable year a bank, building and loan association, development
8 company, financial corporation, financial services loan company,
9 small business investment company, mortgage loan company,
10 financial holding company, or trust company has a net capital
11 gain, then, in lieu of the tax imposed by section 241-4, there
12 is hereby imposed a tax (if such tax is less than the tax
13 imposed under section 241-4) which shall consist of the sum of:

14 (1) A tax computed on the taxable income reduced by the
15 amount of the net capital gain, at the rates and in
16 the manner as if this section had not been enacted;
17 plus

18 (2) Four and four tenths per cent of the net capital gain
19 for the taxable year."

20 SECTION 4. Section 241-7, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "§241-7 Disposition of funds. All taxes collected under
2 this chapter shall be state realizations [~~; provided that, by~~
3 ~~June 30 of each fiscal year, the sum of \$2,000,000 shall be~~
4 ~~deposited with the director of finance to the credit of the~~
5 ~~compliance resolution fund as established pursuant to section~~
6 ~~26-9(e)-1~~], which shall be deposited into the general fund."

7 SECTION 5. Amendments made by this Act shall apply to the
8 entire net income received for the calendar year preceding
9 January 1, 2011. In the case of a taxpayer operating on a
10 fiscal year basis, the amendments made by this Act shall apply
11 to the entire net income received for the fiscal year in which
12 January 1, 2011 occurs.

13 SECTION 6. (a) Between July 1, 2010 and December 31,
14 2010, the commissioner of financial institutions may adopt new
15 or amend existing rules to impose or increase fees authorized to
16 be charged to banks and other financial corporations under
17 chapter 412, Hawaii Revised Statutes, without regard to the
18 public notice and public hearing requirements of section 91-3,
19 Hawaii Revised Statutes, the small business impact review
20 requirements of chapter 201M, Hawaii Revised Statutes, or the
21 limit on fee increases under section 92-28, Hawaii Revised
22 Statutes.



1 (b) After December 31, 2010, any subsequent amendments to
2 the rules adopted or amended pursuant to subsection (a) shall be
3 subject to all applicable provisions of chapter 91, chapter
4 201M, and section 92-28, Hawaii Revised Statutes.

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

7 SECTION 8. This Act shall take effect on July 1, 2010, and
8 shall be repealed on December 31, 2015; provided that sections
9 241-4(a), 241-4.3, and 241-7, Hawaii Revised Statutes, shall be
10 reenacted in the form in which they read on the day before the
11 effective date of this Act.

12

INTRODUCED BY:

Calvin H. Aoy

JAN 27 2010



Report Title:

Bank and Other Financial Corporations Tax Rate; Increase

Description:

Increases the tax rate for banks and other financial corporations. Repeals requirement that \$2,000,000 of tax revenues from banks and other financial corporations be deposited into the compliance resolution fund. Authorizes the commissioner of financial institutions to expedite the imposition of fees on banks and other financial corporations. Takes effect on 07/01/10 and sunsets on 12/31/15. Applies change to entire net income received for calendar year preceding 1/1/11 or fiscal year in which 1/1/11 occurs.

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