HOUSE OF REPRESENTATIVES TWENTY-SIXTH LEGISLATURE, 2011 STATE OF HAWAII

H.B. NO. 794

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### A BILL FOR AN ACT

RELATING TO TAXATION.

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

1	PART I		
2	SECTION 1. The purpose of this Act is to:		
3	(1) Limit the amount of itemized deductions that may be		
4	claimed by a taxpayer; and		
5	(2) Remove the refunding feature of the capital goods		
6	excise tax credit.		
7	PART II		
8	SECTION 2. Chapter 235, Hawaii Revised Statutes, is		
9	amended by adding a new section to be appropriately designated		
10	and to read as follows:		
11	" <u>§235-</u> Itemized deductions; limitation.		
12	Notwithstanding any other law to the contrary, itemized tax		
13	deductions claimed pursuant to this chapter shall not exceed:		
14	(1) \$50,000 in the case of:		
15	(A) A joint return (as provided by section 235-93) of		
16	taxpayers with adjusted gross income of over		
17	\$300,000; or		



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1		(B) A surviving spouse (as defined in Section 2(a) of
2		the Internal Revenue Code) with adjusted gross
3		income of over \$300,000;
4	(2)	\$37,500 in the case of a head of household (as defined
5		in Section 2(b) of the Internal Revenue Code) with
6		adjusted gross income of over \$225,000;
7	(3)	\$25,000 in the case of an individual with adjusted
8		gross income of over \$150,000 who is not married and
9		who is not a surviving spouse or head of household; or
10	(4)	\$25,000 in the case of a married individual with
11		adjusted gross income of over \$150,000 filing a
12		separate return."
13		PART III
14	SECT	ION 3. Section 235-110.7, Hawaii Revised Statutes, is
15	amended by	y amending subsection (b) to read as follows:
16	"(b)	If the capital goods excise tax credit allowed under
17	subsection	n (a) exceeds the taxpayer's net income tax liability,
18	the excess	s of credit over liability shall be refunded to the
19	taxpayer;	provided that for any excess credit for eligible
20	depreciabl	le tangible personal property placed in service after
21	December 3	31, 2010, but before January 1, 2015, no refund shall
22	be paid pi	tior to January 1, 2015; provided further that the
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1	excess credit may be used between January 1, 2012, and December
2	31, 2015 as a deduction from the taxpayer's net income tax
3	liability; and provided further that no refunds or payment on
4	account of the tax credit allowed by this section shall be made
5	for amounts less than \$1.
6	All claims for tax credits under this section, including
7	any amended claims, must be filed on or before the end of the
8	twelfth month following the close of the taxable year for which
9	the credits may be claimed. Failure to comply with the
10	foregoing provision shall constitute a waiver of the right to
11	claim the credit."
12	PART IV
13	SECTION 4. New statutory material is underscored.
14	SECTION 5. This Act shall take effect on July 1, 2011, and
15	shall apply to taxable years beginning after December 31, 2010;
16	provided that:
17	(1) This Act shall apply retroactive to January 1, 2011;
18	and
19	(2) Part II shall be repealed on January 1, 2016.
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INTRODUCED BY:

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#### Report Title:

Itemized Deductions - Limits; Capital Goods Excise Tax Credit

#### Description:

Temporarily places a cap on itemized deductions claimed on state income tax returns until 01/01/16. Suspends the refunding feature of the capital goods excise tax credit for eligible depreciable tangible personal property placed in service after 12/31/10, but before 01/01/15. Applies to taxable years beginning after 12/31/10. Effective retroactive to 01/01/11.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

