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# 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-           Headquarters relocation tax credit. (a) There  
5 shall be allowed to each qualifying taxpayer subject to the  
6 taxes imposed by this chapter, a headquarters relocation tax  
7 credit that shall be applied to 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           The amount of the tax credit shall be equal to fifty per  
11 cent of the amount of the qualifying taxpayer's relocation costs  
12 in the taxable year.

13           (b) As used in this section:

14           "Corporate headquarters" means the building or buildings  
15 where the principal offices of the principal executive officers  
16 of an eligible business are located.

17           "Eligible business" means a business that:



- 1        (1) Is engaged in either interstate or intrastate  
2            commerce;
- 3        (2) Maintains a corporate headquarters at a location  
4            outside the State;
- 5        (3) Has not previously maintained a corporate headquarters  
6            at a location in the State;
- 7        (4) Had annual worldwide revenues of at least \$100,000,000  
8            for the taxable year immediately preceding the  
9            business's application for a tax credit under this  
10           section; and
- 11       (5) Commits contractually to relocating its corporate  
12           headquarters to a location in the State.

13        "Net income tax liability" means net income tax liability  
14 reduced by all other credits allowed under this chapter.

15        "Qualifying project" means the relocation of the corporate  
16 headquarters of an eligible business from a location outside the  
17 State to a location in the State.

18        "Qualifying taxpayer" means a taxpayer that:

- 19        (1) Is an eligible business;
- 20        (2) Completes a qualifying project;
- 21        (3) Incurs relocation costs; and



1        (4) Employs at least seventy-five employees in the State.

2        For the purposes of this paragraph, the number of  
3        employees employed by the taxpayer in the State may  
4        include:

5        (A) Individuals who:

6            (i) Were employed in the State by the taxpayer  
7            before the taxpayer commenced a qualifying  
8            project; and

9            (ii) Remain employed in the State after the  
10           completion of the taxpayer's qualifying  
11           project; and

12        (B) Individuals who:

13           (i) Were not employed in the State by the  
14           taxpayer before the taxpayer commenced a  
15           qualifying project; and

16           (ii) Are employed in the State by the taxpayer as  
17           a result of the completion of the taxpayer's  
18           qualifying project.

19        "Relocation costs" means the reasonable and necessary  
20        expenses incurred by an eligible business for a qualifying  
21        project. Relocation costs include:

22        (1) Moving costs and related expenses;



- 1        (2) The purchase of new or replacement equipment;
- 2        (3) Capital investment costs; and
- 3        (4) Property assembly and development costs, including:
  - 4            (A) The purchase, lease, or construction of buildings  
5            and land;
  - 6            (B) Infrastructure improvements; and
  - 7            (C) Site development costs.

8        In determining whether an expense of the eligible business  
9 directly resulted from the relocation of the business, the  
10 department shall consider whether the expense would likely have  
11 been incurred by the eligible business if the business had not  
12 relocated from its original location.

13        Relocation costs shall not include any costs that do not  
14 directly result from the relocation of the business to a  
15 location in the State.

16        (c) If the tax credit under this section exceeds the  
17 taxpayer's income tax liability, the excess of the credit over  
18 liability may be used as a credit against the taxpayer's income  
19 tax liability in subsequent years until exhausted. All claims  
20 for the tax credit under this section, including amended claims,  
21 shall be filed on or before the end of the twelfth month  
22 following the close of the taxable year for which the credit may



1 be claimed. Failure to comply with this subsection shall  
2 constitute a waiver of the right to claim the credit.

3 (d) In the case of a partnership, S corporation, estate,  
4 or trust, the cost upon which the tax credit is computed shall  
5 be determined at the entity level. Distribution and share of  
6 credit shall be determined pursuant to section 235-110.7(a).

7 (e) The director of taxation shall prepare forms that may  
8 be necessary to claim a credit under this section. The director  
9 may also require the taxpayer to furnish information to  
10 ascertain the validity of the claim for credit made under this  
11 section and may adopt rules necessary to effectuate the purposes  
12 of this section pursuant to chapter 91."

13 SECTION 2. New statutory material is underscored.

14 SECTION 3. This Act, upon its approval, shall apply to  
15 taxable years beginning after December 31, 2011.

16 INTRODUCED BY:

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# H.B. NO. 2240

**Report Title:**

Headquarters Relocation Tax Credit

**Description:**

Establishes a tax credit for certain businesses that relocate their headquarters to Hawaii.

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

