
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- Historic preservation tax credit. (a) There
5 shall be allowed to each individual and corporate taxpayer who
6 is not 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, an historic
10 preservation tax credit, which shall be deductible from the
11 taxpayer's net income tax liability, if any, imposed by this
12 chapter for the taxable year in which the tax credit is properly
13 claimed; provided that:

14 (1) An individual who has no income or no income taxable
15 under this chapter and who is not claimed or is not
16 otherwise eligible to be claimed as a dependent by a
17 taxpayer for federal or Hawaii state individual income
18 tax purposes may claim this tax credit; and



1 (2) A husband and wife filing separate returns for a
2 taxable year for which a joint return could have been
3 filed by them shall claim only the tax credit to which
4 they would have been entitled had a joint return been
5 filed.

6 (b) The tax credit shall apply to the qualifying costs
7 expended to rehabilitate or preserve archaeological, cultural,
8 and historic structures in the State. The amount of the tax
9 credit shall be per cent of the taxpayer's qualifying
10 costs; provided that no single claim for a tax credit shall
11 exceed \$.

12 (c) In the case of a partnership, S corporation, estate,
13 or trust, the tax credit is for qualifying costs incurred by the
14 entity for the taxable year. The costs upon which the tax
15 credit is computed shall be determined at the entity level and
16 the distribution and share of the tax credit shall be determined
17 by rule.

18 (d) To qualify for the income tax credit, the taxpayer
19 shall:

20 (1) Qualify under criteria or rules adopted by the Hawaii
21 historic places review board pursuant to chapter 91,
22 that shall include, but not be limited to:



- 1 (A) Criteria for qualifying structures;
2 (B) A definition of "qualifying costs";
3 (C) Standards to ensure that the rehabilitation or
4 preservation preserves the archaeological,
5 cultural, or historic character of the structure;
6 (D) A minimum amount, or threshold, required to be
7 invested in the rehabilitation or preservation;
8 (E) Provisions for recapture of the credit; and
9 (2) Be in compliance with all applicable federal, state,
10 and county statutes, rules, and regulations.

11 (e) If the tax credit under this section exceeds the
12 taxpayer's income tax liability, the excess of credit over
13 liability shall be refunded to the taxpayer; provided that no
14 refund on account of the tax credit allowed by this section
15 shall be made for amounts less than \$1.

16 All claims, including any 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 credit may be claimed. Failure to comply with the
20 foregoing provision shall constitute a waiver of the right to
21 claim the credit.



1 (f) If at any time, for whatever reason, the taxpayer does
2 not satisfy the recapture provisions referred to in subparagraph
3 (d) (1) (E), or the taxpayer no longer qualifies for the tax
4 credit claimed under this section, the tax credits shall be
5 recaptured. The recapture shall be equal to per cent of
6 the total tax credits claimed under this section. The amount of
7 the recaptured tax credits shall be added to the taxpayer's tax
8 liability for the taxable year in which the recapture occurs.

9 (g) The director of taxation:

10 (1) Shall prepare any forms necessary to claim a tax
11 credit under this section;

12 (2) May require the taxpayer to provide reasonable
13 information to ascertain the validity of the claim for
14 credit under this section; and

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

17 (h) The department of taxation shall report to the
18 legislature annually, no later than September 1 of each year, on
19 the number of taxpayers claiming the tax credit under this
20 section and the total cost of the tax credit to the State during
21 the past year."



- 1 SECTION 2. New statutory material is underscored.
- 2 SECTION 3. This Act shall take effect on July 1, 2030.



Report Title:

Historic Preservation; Income Tax Credit

Description:

Establishes an income tax credit for the rehabilitation or preservation of archaeological, cultural, or historic structures in the State. Effective July 1, 2030. (HB1074 HD2)

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

