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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. Section 235-110.91, Hawaii Revised Statutes, is  
2 amended as follows:

3 1. By amending subsection (a) to read:

4 "(a) Section 41 (with respect to the credit for increasing  
5 research activities) and section 280C(c) (with respect to  
6 certain expenses for which the credit for increasing research  
7 activities are allowable) of the Internal Revenue Code shall be  
8 operative for the purposes of this chapter as provided in this  
9 section; provided that the federal tax provisions in section 41  
10 of the Internal Revenue Code, as that section was enacted on  
11 December 31, 2011, irrespective of any subsequent changes to  
12 section 41 of the Internal Revenue Code, shall remain in effect  
13 for purposes of determining the state income tax credit under  
14 this section; provided further that the federal tax provisions  
15 in section 41 of the Internal Revenue Code, as enacted on  
16 December 31, 2011, irrespective of any subsequent amendments to  
17 section 41 of the Internal Revenue Code, shall apply only to



1 expenses incurred for qualified research activities after  
2 December 31, 2012[-]; provided further that, for tax years  
3 beginning after December 31, 2018, there shall be allowed a  
4 Hawaii state income tax credit of one and one-quarter times any  
5 credit as calculated under the federal tax provisions in section  
6 41 of the Internal Revenue Code as enacted on December 31,  
7 2011."

8 2. By amending subsection (c) to read:

9 "(c) There shall be allowed to each qualified high  
10 technology business subject to the tax imposed by this chapter  
11 an income tax credit for qualified research activities equal to  
12 the credit for research activities provided by section 41 of the  
13 Internal Revenue Code and as modified by this section; provided  
14 that, in addition to any other requirements established in this  
15 section, in order to qualify for the tax credit established in  
16 this section, the qualified high technology business shall also  
17 claim a federal tax credit for the same qualified research  
18 activities under section 41 of the Internal Revenue Code, as  
19 enacted on December 31, 2011, irrespective of any subsequent  
20 amendments to section 41 of the Internal Revenue Code. The  
21 credit shall be deductible from the taxpayer's net income tax



1 liability, if any, imposed by this chapter for the taxable year  
 2 in which the credit is properly claimed[-]; provided further  
 3 that, for tax years beginning after December 31, 2018, there  
 4 shall be allowed a Hawaii state income tax credit of one and  
 5 one-quarter times any credit as calculated under the federal tax  
 6 provisions in section 41 of the Internal Revenue Code as enacted  
 7 on December 31, 2011."

8 3. By amending subsection (n) to read:

9 "(n) This section shall not apply to taxable years  
 10 beginning after December 31, [~~2019-~~] 20 ."

11 SECTION 2. Statutory material to be repealed is bracketed  
 12 and stricken. New statutory material is underscored.

13 SECTION 3. This Act shall take effect on December 31,  
 14 2112, and shall apply to taxable years beginning after December  
 15 31, 2018.



**Report Title:**

Taxation; State Tax Credit for Research Activities; Increase;  
Extension

**Description:**

Increases the state tax credit for research activities to one  
and one-quarter times the allowable federal tax credit. Repeals  
December 31, 2019 sunset. (HB339 HD1)

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

