
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 235-9.5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Notwithstanding any law to the contrary, all income
4 earned and proceeds derived from stock options or stock,
5 including stock issued through the exercise of stock options or
6 warrants, from a qualified high technology business or from a
7 holding company of a qualified high technology business by [an]:

8 (1) An employee, officer, or director of the qualified
9 high technology business, as defined in this section;
10 or

11 (2) An investor who qualifies for the credit under section
12 235-110.9,

13 that would otherwise be taxed as ordinary income or as capital
14 gains to those persons shall be excluded from taxation under
15 this chapter[-]; provided that the taxpayer is a resident of
16 this State as defined in section 235-1; and provided further
17 that all income earned and proceeds derived from stock options



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1 or stock pursuant to this section in excess of \$50,000 in the
2 taxable year shall be taxed at the applicable income tax rate
3 under this chapter.

4 Similar provisions shall apply to options to acquire equity
5 interests and to equity interests themselves with regard to
6 entities other than corporations."

7 SECTION 2. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 3. This Act shall take effect upon its approval,
10 and shall apply to taxable years beginning after December 31,
11 2020.

12

INTRODUCED BY:



JAN 22 2021



H.B. NO. 316

Report Title:

Taxation; Qualified High Technology Business; Stock Options;
Exclusion

Description:

Provides that up to \$50,000 per year in income earned and proceeds derived from stock options or stock by an employee from a qualified high technology business, as defined therein, or an investor who qualifies for a high technology business investment tax credit, shall be excluded from taxation, provided the employee or investor is a resident of the State, and provided further that amounts in excess of \$50,000 in the taxable year shall be taxed at the applicable income tax rate.

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

