

JAN 22 2021

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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 235-9.5, 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



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.

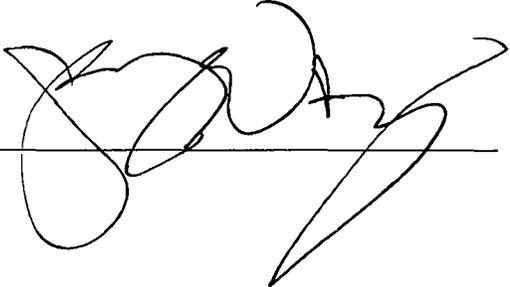
4 Similar provisions shall apply to options to acquire equity  
5 interests and to equity interests themselves with regard to  
6 entities other than corporations."

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 Statutory material to be repealed is bracketed  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.

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INTRODUCED BY:

A handwritten signature in black ink, written over a horizontal line. The signature is stylized and appears to be a name with a large initial.

# S.B. NO. 927

**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.*

