
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that upgrading and
2 modernizing equipment necessary for data storage will improve
3 the resilience against physical damage caused by weather-related
4 events and cybersecurity threats and ensure the continued,
5 uninterrupted provision of services to Hawaii businesses, state
6 government and satellite agencies, and residents.

7 Leveraging modern and up-to-date technology to support
8 critical operation systems is a significant benefit of data
9 center operations, where one of the core missions is to stay at
10 the forefront of technological advancements, enabling reliable
11 data access 99.999 per cent of the time.

12 In mid-2023, dozens of Hawaii businesses in the health
13 care, airline, and finance fields, as well as state agencies,
14 were operationally disrupted due to a local data outage,
15 frustrating customers and residents.

16 Over the last decade, Hawaii has adopted various tax
17 incentives to encourage the development of high-technology



1 businesses in the State. The focus on high technology is
2 commendable and recognized as a policy direction that will yield
3 greater investment from within and outside the State.

4 Accordingly, the purpose of this Act is to temporarily
5 reinstate the technology infrastructure renovation tax credit
6 and expand the definition of "technology-enabled infrastructure"
7 to include data servers.

8 SECTION 2. Section 235-110.51, Hawaii Revised Statutes, is
9 amended by amending subsections (h) and (i) to read as follows:

10 "(h) The tax credit allowed under this section shall ~~[not]~~
11 be available for taxable years beginning after ~~[December 31,~~
12 ~~2010.]~~ December 31, 2023, but shall not be available for taxable
13 years beginning after December 31, 2026.

14 (i) As used in this section:

15 "Data server" means a computer system designed and
16 configured for the process, storage, retrieval, and management
17 of electronic data and provide database management and access
18 services to client computers on a computer network.

19 "Net income tax liability" means income tax liability
20 reduced by all other credits allowed under this chapter.



1 "Renovation costs" means costs incurred after December 31,
2 2000, to plan, design, install, construct, and purchase
3 technology-enabled infrastructure equipment to provide a
4 commercial building with technology-enabled infrastructure.

5 "Technology-enabled infrastructure" means:

6 (1) Either:

7 [~~(1)~~] (A) High speed telecommunications systems that
8 provide [~~Internet~~] internet access, direct satellite
9 communications access, and videoconferencing
10 facilities; or

11 (B) Data servers;

12 (2) Physical security systems that identify and verify
13 valid entry to secure spaces, detect invalid entry or
14 entry attempts, and monitor activity in these spaces;

15 (3) Environmental systems to include heating, ventilation,
16 air conditioning, fire detection and suppression, and
17 other life safety systems; and

18 (4) Backup and emergency electric power systems."

19 SECTION 3. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on July 1, 3000, and
2 shall apply to taxable years beginning after December 31, 2023.



Report Title:

Technology Infrastructure Renovation Tax Credit; Reinstatement;
Technology-Enabled Infrastructure; Data Servers

Description:

For taxable years beginning after 12/31/2023, temporarily reinstates the Technology Infrastructure Renovation Tax Credit and expands the definition of "technology-enabled infrastructure" to include data servers. Sunsets the tax credit for taxable years beginning after 12/31/2026. Effective 7/1/3000. (HD1)

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