
A BILL FOR AN ACT

RELATING TO HISTORIC PRESERVATION.

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

1 SECTION 1. The legislature finds that the present historic
2 preservation income tax credit, as authorized in section
3 235-110.97, Hawaii Revised Statutes, is to be replaced on
4 December 31, 2024. Given this, the existing historic
5 preservation income tax credit will no longer be available
6 following the close of the 2024 taxable year for qualified
7 rehabilitation projects. The repeal of the tax credit will
8 diminish the ability of property owners, especially those from
9 lower income brackets, to rehabilitate and remain in historic
10 single family residences. This will come as a great economic
11 loss for those homeowners who wish to assist with the
12 rehabilitation and continued use of historic buildings in the
13 State which are central to the preservation of Hawaiian history
14 and culture.

15 The purpose of this Act is to extend the historic
16 preservation income tax credit through 2030 and incrementally



1 increase the ceiling on total credits from \$1,500,000 to
2 \$4,000,000 during this period.

3 SECTION 2. Section 235-110.97, Hawaii Revised Statutes, is
4 amended as follows:

5 1. By amending subsection (b) to read:

6 "(b) In the case of a partnership, S corporation, estate,
7 trust, or any developer of a rehabilitated certified historic
8 structure, the tax credit allowable shall be as provided under
9 subsection (d) for the taxable year. [~~The cost upon which the
10 credit is computed shall be determined at the entity level and
11 the distribution and share of the tax credit shall be determined
12 pursuant to section 704(b) of the Internal Revenue Code.~~]

13 If a deduction is taken under section 179 (with respect to
14 election to expense depreciable business assets) of the Internal
15 Revenue Code, no tax credit shall be allowed for that portion of
16 the qualified expense for which the deduction is taken.

17 The basis of eligible property for depreciation or
18 accelerated cost recovery system purposes for state income taxes
19 shall be reduced by the amount of credit allowable and claimed.
20 In the alternative, the taxpayer shall treat the amount of the
21 credit allowable and claimed as a taxable income item for the



1 taxable year in which it is properly recognized under the method
2 of accounting used to compute taxable income."

3 2. By amending subsection (i) to read:

4 "(i) The aggregate amount of the tax credits claimed for
5 qualified rehabilitation projects shall not exceed:

6 (1) \$1,000,000 for the 2020 taxable year;

7 (2) \$1,000,000 for the 2021 taxable year;

8 (3) \$1,000,000 for the 2022 taxable year;

9 (4) \$1,000,000 for the 2023 taxable year; [and]

10 (5) \$1,000,000 for the 2024 taxable year[-];

11 (6) \$1,500,000 for the 2025 taxable year;

12 (7) \$2,000,000 for the 2026 taxable year;

13 (8) \$2,500,000 for the 2027 taxable year;

14 (9) \$3,000,000 for the 2028 taxable year;

15 (10) \$3,500,000 for the 2029 taxable year; and

16 (11) \$4,000,000 for the 2030 taxable year."

17 SECTION 3. Act 267, Session Laws of Hawaii 2019, is
18 amended by amending section 3 to read as follows:

19 "SECTION 3. This Act shall take effect on July 1, 2019,
20 and shall be repealed on December 31, [~~2024-~~] 2030."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Historic Preservation Tax Credit; Extension

Description:

Extends the sunset date for the Historic Preservation Tax Credit to December 31, 2030, and incrementally increases the cap on the total tax credits from \$1,000,000 in the 2025 taxable year to \$4,000,000 in the 2030 taxable year. Takes effect 7/1/2050.
(SD1)

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

