
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 (b) to read:

4 "(b) All references to Internal Revenue Code sections
5 within sections 41 and 280C(c) of the Internal Revenue Code
6 shall be operative for purposes of this section[.]; provided
7 that references to the base amount in section 41 of the Internal
8 Revenue Code of 1986, as amended, shall not apply, and credit
9 for all qualified research expenses may be taken without regard
10 to the amount of expenses for previous years."

11 2. By amending subsection (f) to read:

12 "(f) If in any taxable year the annual amount of certified
13 credits reaches ~~[\$5,000,000]~~ \$15,000,000 in the aggregate, the
14 department of business, economic development, and tourism shall
15 immediately discontinue certifying credits and notify the
16 department of taxation. In no instance shall the department of
17 business, economic development, and tourism certify a total



1 amount of credits exceeding ~~[\$5,000,000]~~ \$15,000,000 per taxable
2 year. To comply with this restriction, the department of
3 business, economic development, and tourism shall certify
4 credits on a first come, first served basis."

5 SECTION 2. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 3. This Act, upon its approval, shall apply to
8 taxable years beginning after December 31, 2025.

9

INTRODUCED BY:



JAN 28 2026



H.B. NO. 2520

Report Title:

DBEDT; Income Tax; Tax Credit for Research Activities; Base Amount; Annual Cap; Department of Taxation

Description:

Clarifies that references to the base amount in section 41, Internal Revenue Code of 1986, as amended, shall not apply to the tax credit for research activities, and that the tax credit for qualified research expenses may be claimed without regard to expenses in previous years. Increases the annual cap on the total amount of credits that may be certified by the Department of Business, Economic Development, and Tourism.

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