

ACT 184

S.B. NO. 2056

A Bill for an Act Relating to Individual Development Account Contribution Tax Credits.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§235- Individual development account contribution tax credit. (a)

There shall be allowed to each taxpayer subject to the tax imposed under this chapter, an individual development account contribution tax credit certified under chapter 257 which shall be applied against the taxpayer’s net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

(b) The individual development account contribution tax credit shall be equal to fifty per cent of the amount contributed by the taxpayer to a fiduciary organization as defined by and in the manner prescribed in chapter 257. If a deduction is taken under section 170 (with respect to charitable contributions and gifts) of the Internal Revenue Code, no tax credit shall be allowed for that portion of the contribution for which the deduction was taken.

(c) If the tax credit under this section exceeds the taxpayer’s income tax liability, the excess of the tax credit over liability may be used as a credit against the taxpayer’s income tax liability in subsequent years until exhausted. All claims, including any amended claims, for tax credits under this section shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

(d) Application for the credit under this section shall be upon forms provided by the department.

(e) The credit under this section shall be available for taxable years beginning after December 31, 1999, but shall not be available for taxable years beginning after December 31, 2004.”

SECTION 2. Section 257-10, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

“(a) [Individuals, organizations, or businesses contributing matching funds for individual development accounts shall receive a tax credit equal to fifty per cent of the amount contributed.] Taxpayers subject to the tax imposed under chapter 235 who contribute matching funds for individual development accounts may be eligible for the tax credit provided under section 235-_____.”

2. By amending subsection (c) to read:

“(c) The administrator of the fiduciary organization, with the cooperation of the participating organizations, shall maintain records of the names of contributors and the total amount each contributor contributes to an individual development account match fund for the [calendar] taxable year. All contributions shall be verified by the department of human services. The department of human services shall total all contributions that the department certifies. Upon each determination, the department of human services shall issue a certificate to the taxpayer. The taxpayer shall file the certificate with the taxpayer’s tax return with the department of taxation.

When the total amount of certified contributions reaches \$1,000,000, the department shall immediately discontinue certifying contributions and notify the department of taxation. In no instance, shall the total amount of certified contributions exceed \$1,000,000 over the five year period between January 1, 2000, and December 31, 2004.”

SECTION 3. Act 160, Session Laws of Hawaii 1999, is amended by amending section 33 to read as follows:

“SECTION 33. This Act shall take effect upon its approval; provided that:

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- (1) Part I, Part III, and Part V, and sections 29 and 30 of this Act shall take effect on July 1, 1999; [and]
- (2) Section 25 shall apply to taxable years beginning after December 31, 1999; and
- [(2)] (3) Section 28 shall take effect on June 29, 1999.”

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

SECTION 5. This Act, upon its approval, shall apply to taxable years beginning after December 31, 1999, and before January 1, 2005; provided that section 3 shall take effect retroactive to June 28, 1999.

(Approved June 7, 2000.)

Note

- 1. Edited pursuant to HRS §23G-16.5.