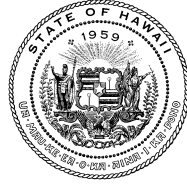


DAVID Y. IGE  
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DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

To: The Honorable Jill N. Tokuda, Chair  
and Members of the Senate Committee on Ways and Means

Date: Wednesday, March 22, 2017

Time: 9:30 A.M.

Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 147, H.D. 1, Relating to Amending or Repealing Hawaii Income Tax Laws for  
the Purpose of Deleting Obsolete or Unnecessary Provisions

The Department of Taxation (Department) appreciates the intent of H.B. 147, H.D. 1, and offers the following comments for your consideration.

H.B. 147, H.D. 1, repeals sections 235-109.5 and 235-110.46, Hawaii Revised Statutes (HRS). Section 235-109.5, HRS, imposed a limit on the total claims of the technology infrastructure renovation tax credit and the high technology business investment tax credit. These two credits expired December 31, 2010. Section 235-110.46, HRS, provided an income tax credit for development of certain attractions at Ko Olina Resort and at Makaha resort (Ko Olina credit) which expired May 31, 2009.

The Department agrees that there will be no consequence to repealing the Ko Olina credit. The carryover of the Ko Olina credit is no longer reported on the Department's Form Schedule CR nor are there any claims or carryovers for the credit reported in the Department's past tax credit reports. The Department supports the repeal of section 235-110.46, HRS.

Finally, the Department notes that the limit imposed by section 235-109.5, HRS, only applied to the initial claim of the tax credits specified in the statute and does not affect credit carryovers. Since the listed credits are expired and thus can no longer be generated, this provision has no effect. The Department also supports the repeal of section 235-109.5, HRS.

H.B. 147, H.D.1 does not have an impact on general fund revenues.

Thank you for the opportunity to provide comments.

# TAX FOUNDATION OF HAWAII

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SUBJECT: INCOME, Repeal Obsolete Provisions

BILL NUMBER: HB 147, HD-1

INTRODUCED BY: House Committee on Finance

EXECUTIVE SUMMARY: This is a housekeeping bill to remove obsolete provisions.

BRIEF SUMMARY: Repeals HRS section 235-109.5, claim limitation, that applied to high technology investment credits for taxable years ending before January 1, 2011.

Repeals HRS section 235-110.46, also known as the Ko Olina credit, which applied to costs incurred before June 1, 2009.

Makes conforming amendments.

Provides that this Act shall not cause the expiration of any tax credits legally claimed and carried forward in accordance with law in effect prior to enactment of this Act.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This measure removes obsolete provisions.

Digested 3/14/2017