
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 231, Hawaii Revised Statutes, is amended by
2 adding two new sections to be appropriately designated and to
3 read as follows:

4 "§231-A Erroneous claim for refund or credit. Unless a
5 person making a claim for a tax refund or credit in an excessive
6 amount can prove that there is a reasonable basis for the claim,
7 the person shall be liable for a penalty in an amount equal to
8 twenty per cent of the excessive amount. For the purposes of
9 this section, the term "excessive amount" means the amount that
10 exceeds the amount of a claim for a refund or credit that is
11 allowed by law.

12 §231-B Tax credits and exemptions; evaluation; report.

13 (a) The department shall perform an evaluation of the tax
14 credits or tax exemptions provided in title 14 and scheduled for
15 repeal in section 2 of Act , Session Laws of Hawaii 2008;
16 provided that sections 235-15, 235-110.2, 235-110.8, 237-29,



1 239-6.5, and 241-4.7 shall be evaluated by the department of
2 human services.

3 (b) The department shall submit reports of the evaluations
4 required by this section to the legislature no later than twenty
5 days prior to the convening of:

6 (1) The 2009 regular session, for credits and exemptions
7 that will be repealed on December 31, 2010;

8 (2) The 2010 regular session, for credits and exemptions
9 that will be repealed on December 31, 2011; and

10 (3) The 2011 regular session, for credits and exemptions
11 that will be repealed on December 31, 2012;

12 provided that the reports shall include the evaluations of
13 credits and exemptions performed by the department of human
14 services; provided further that no later than twenty days prior
15 to the convening of the regular sessions of 2009 and 2010, the
16 department shall also submit a progress report to the
17 legislature on the planned uses and actual expenditures
18 associated with the report.

19 (c) In evaluating the economic effects of the tax credits
20 and tax exemptions provided in title 14 and scheduled for repeal
21 in Act _____, Session Laws of Hawaii 2008, the department may:



- 1 (1) Contract with recognized technical experts
2 knowledgeable in the field of economics;
- 3 (2) Establish a technical advisory group, which may
4 include the department of labor and industrial
5 relations, department of agriculture, department of
6 commerce and consumer affairs, department of
7 transportation, department of human services, and
8 department of business, economic development, and
9 tourism, to help identify and develop the data
10 elements needed for the analyses; and
- 11 (3) Collect, process, and analyze data from federal,
12 state, and local government sources.
- 13 (d) The data and economic analyses provided by the
14 department in its reports to the legislature shall provide
15 information sufficient to allow the legislature to determine
16 whether the tax credits and tax exemptions provided under title
17 14 have achieved or are achieving their intended objectives,
18 whether they are consistent with public policies, and whether
19 they should be continued, modified, or permitted to expire.
- 20 (e) If the department recommends that a tax credit or tax
21 exemption should be modified, it shall provide with its report
22 to the legislature, and with the assistance from the departments



1 listed in subsection (c)(2), proposed draft legislation that,
2 upon enactment, would effect the recommended modifications.

3 (f) If the department recommends that the law establishing
4 a tax credit or tax exemption should not be continued, it shall
5 make appropriate recommendations, with assistance from the
6 departments listed in subsection (c)(2), to improve the
7 operation of the tax credit or tax exemption, including
8 recommendations for appropriate restrictions to be placed on the
9 tax credit or tax exemption."

10 SECTION 2. Repeal dates for tax credits and exemptions.

11 (a) The following sections shall be repealed on December 31,
12 2010:

13 (1) Section 235-9.5 (stock options from qualified high
14 technology businesses excluded from taxation);

15 (2) Section 235-15 (tax credits to promote the purchase of
16 child passenger restraint systems);

17 (3) Section 235-110.2 (credit for school repair and
18 maintenance);

19 (4) Section 235-110.51 (technology infrastructure
20 renovation tax credit);

21 (5) Section 237-24 (general excise tax; amounts not
22 taxable);



- 1 (6) Section 237-24.3 (general excise tax; additional
2 amounts not taxable);
- 3 (7) Section 237-24.9 (general excise tax; aircraft service
4 and maintenance facility);
- 5 (8) Section 237-27 (general excise tax; exemption of
6 certain petroleum refiners);
- 7 (9) Section 237-29.53 (general excise tax; exemption for
8 contracting or services exported out of state);
- 9 (10) Section 237-29.55 (general excise tax; exemption for
10 sale of tangible personal property for resale at
11 wholesale);
- 12 (11) Section 237-29.8 (general excise tax; call centers;
13 exemption; engaging in business; definitions); and
- 14 (12) Section 239-12 (public service company tax; call
15 centers; exemption; engaging in business;
16 definitions).
- 17 (b) The following sections shall be repealed on
18 December 31, 2011:
- 19 (1) Section 235-110.6 (fuel tax credit for commercial
20 fishers);
- 21 (2) Section 235-110.7 (capital goods excise tax credit);



- 1 (3) Section 237-16.8 (general excise tax; exemption of
2 certain convention, conference, and trade show fees);
- 3 (4) Section 237-23 (general excise tax; exemptions,
4 persons exempt, applications for exemption);
- 5 (5) Section 237-23.5 (general excise tax; related
6 entities; common paymaster; certain exempt
7 transactions);
- 8 (6) Section 237-24.5 (general excise tax; additional
9 exemptions);
- 10 (7) Section 237-24.7 (general excise tax; additional
11 amounts not taxable);
- 12 (8) Section 237-24.75 (general excise tax; additional
13 exemptions);
- 14 (9) Section 237-25 (general excise tax; exemptions of
15 sales and gross proceeds of sales to federal
16 government, and credit unions);
- 17 (10) Section 237-28.1 (general excise tax; exemption of
18 certain shipbuilding and ship repair business);
- 19 (11) Section 237-29.5 (general excise tax; exemption for
20 sales of tangible personal property shipped out of the
21 state); and



1 (12) Section 239-6.5 (public service company tax; tax
2 credit for lifeline telephone service subsidy).

3 (c) The following sections shall be repealed on
4 December 31, 2012:

5 (1) Section 235-12.5 (renewable energy technologies;
6 income tax credit);

7 (2) Section 235-17 (motion picture, digital media, and
8 film production income tax credit);

9 (3) Section 235-110.3 (ethanol facility tax credit);

10 (4) Section 235-110.8 (low-income housing tax credit);

11 (5) Section 237-26 (general excise tax; exemption of
12 certain scientific contracts with the United States);

13 (6) Section 237-27.5 (general excise tax; air pollution
14 control facility);

15 (7) Section 237-27.6 (general excise tax; solid waste
16 processing, disposal, and electric generating
17 facility; certain amounts exempt);

18 (8) Section 237-29 (general excise tax; exemptions for
19 certified or approved housing projects);

20 (9) Section 241-4.7 (low-income housing; income tax
21 credit); and



1 (10) Section 244D-4.3 (liquor tax; exemption for sales of
2 liquor out of the state).

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2008-2009 to carry
6 out the purposes of this Act, including additional resources,
7 funding for permanent, full-time equivalent (.00
8 FTE) positions (an economist, a research statistician, and an
9 administrative rules specialist) in the department of taxation,
10 and to reimburse other state agencies for costs incurred in
11 performing tasks required by this Act.

12 The sum appropriated shall be expended by the department of
13 taxation for the purposes of this Act.

14 SECTION 4. In codifying the new sections added by section
15 1 of this Act, the revisor of statutes shall substitute
16 appropriate section numbers for the letters used in designating
17 the new sections in this Act.

18 SECTION 5. New statutory material is underscored.

19 SECTION 6. This Act shall take effect upon its approval;
20 provided that section 3 shall take effect on July 1, 2008.



Report Title:

Tax Credits; Tax Exemptions; Evaluation

Description:

Requires the Department of Taxation and Department of Human Services to evaluate certain tax credits and tax exemptions and report to the Legislature. Provides for automatic repeal of the tax credits and tax exemptions. Provides penalty for excessive amounts filed for tax refunds and credits. (HB2942 HD1)

