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# A BILL FOR AN ACT

RELATING TO ETHANOL FACILITY TAX CREDIT.

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

1           SECTION 1. The legislature finds that the aggregate annual  
2 amount of the ethanol facility tax credit is set by statute at  
3 \$12,000,000. This amount is more than sufficient to encourage  
4 ethanol production in the state.

5           The purpose of this Act is to reduce the aggregate annual  
6 amount of ethanol facility tax credits from \$12,000,000 to  
7 \$8,000,000 from July 1, 2011, through December 31, 2012.

8           SECTION 2. Section 235-110.3, Hawaii Revised Statutes, is  
9 amended by amending subsection (d) to read as follows:

10          "(d) The department of business, economic development, and  
11 tourism shall:

- 12           (1) Maintain records of the total amount of investment  
13               made by each taxpayer in a facility;
- 14           (2) Verify the amount of the qualifying investment;
- 15           (3) Total all qualifying and cumulative investments that  
16               the department of business, economic development, and  
17               tourism certifies; and

1           (4) Certify the total amount of the tax credit for each  
2           taxable year and the cumulative amount of the tax  
3           credit during the credit period.

4           Upon each determination, the department of business,  
5           economic development, and tourism shall issue a certificate to  
6           the taxpayer verifying the qualifying investment amounts, the  
7           credit amount certified for each taxable year, and the  
8           cumulative amount of the tax credit during the credit period.  
9           The taxpayer shall file the certificate with the taxpayer's tax  
10          return with the department of taxation. Notwithstanding the  
11          department of business, economic development, and tourism's  
12          certification authority under this section, the director of  
13          taxation may audit and adjust certification to conform to the  
14          facts.

15          If in any year, the annual amount of certified credits  
16          reaches \$12,000,000 in the aggregate, the department of  
17          business, economic development, and tourism shall immediately  
18          discontinue certifying credits and notify the department of  
19          taxation. In no instance shall the total amount of certified  
20          credits exceed \$12,000,000 per year~~[-]~~; provided that from  
21          July 1, 2011, through December 31, 2012, the annual amount of  
22          certified credits allowed under this section shall not exceed

1 \$8,000,000 in the aggregate and shall be prorated over a twelve-  
2 month year; provided further that after December 31, 2012, the  
3 annual amount of \$12,000,000 certified credits per year shall be  
4 reinstated. Notwithstanding any other law to the contrary, this  
5 information shall be available for public inspection and  
6 dissemination under chapter 92F."

7 SECTION 3. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 2090.

**Report Title:**

Taxation; Ethanol Facility Tax Credit

**Description:**

Caps the total annual amount of ethanol facility tax credits allowed at \$8,000,000 in the aggregate between 07/01/11 and 12/31/12. Effective 07/01/90. (SD2)