

JAN 23 2015

A BILL FOR AN ACT

RELATING TO THE CAPITAL INFRASTRUCTURE TAX CREDIT.

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

1 SECTION 1. Section 235-17.5, Hawaii Revised Statutes, is
2 amended by amending subsections (b) and (c) to read as follows:

3 "(b) For the purpose of this section:

4 "Base investment" means the amount of money invested by an
5 investor.

6 "Capital infrastructure costs" means capital expenditures,
7 as used in section 263 of the Internal Revenue Code and the
8 regulations promulgated thereunder [~~;~~ ~~provided that the~~], or
9 capital expenditures [~~are~~] for real property and fixtures that
10 are paid or incurred in connection with the displaced tenant's
11 move of the tenant's current active trade or business to the
12 tenant's new location; provided [~~further~~] that the capital
13 infrastructure costs shall not include amounts for which another
14 credit is claimed [~~-~~] under this chapter.

15 "Net income tax liability" means income tax liability
16 reduced by all other credits allowed under this chapter.

17 "Qualified infrastructure tenant" means a business:



1 (1) That currently owns capital or property or maintains
2 an office, operations, or facilities at the former
3 Kapalama military reservation site;

4 (2) Whose principal business is maritime, and waterfront
5 dependent, and is included under the State's plan to
6 relocate the business to piers twenty-four through
7 twenty-eight within Honolulu harbor; and

8 (3) Will be displaced and relocated by the State pursuant
9 to the Kapalama container terminal project.

10 (c) The amount of the tax credit shall be equal to [~~fifty~~]
11 50 per cent of the capital infrastructure costs paid or incurred
12 by the qualified infrastructure tenant during the taxable year
13 up to a maximum of [~~\$2,500,000~~] \$5,000,000 in [~~capital~~
14 ~~infrastructure costs~~] tax credits per qualified infrastructure
15 tenant in any taxable year, provided that the qualified
16 infrastructure tenant shall notify the taxpayer claiming the
17 credit under subsection (a) of the amount of capital
18 infrastructure costs which may be claimed. If the capital
19 infrastructure costs paid or incurred by the qualified
20 infrastructure tenant result in a tax credit in excess of
21 \$5,000,000 in any taxable year, the excess capital



1 infrastructure costs shall be applied to subsequent tax years
2 for computation of credit."

3 SECTION 2. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect on July 1, 2015, and
6 shall apply to taxable years beginning after December 31, 2014.

7

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S.B. NO. 676

Report Title:

Capital Infrastructure Tax Credit; Kapalama Container Terminal Project; Displaced Tenants

Description:

Increases the maximum amount of capital infrastructure tax credits that may be issued to a qualified infrastructure tenant in any taxable year. Allows any capital infrastructure tax credit in excess of the maximum amount to be applied to subsequent tax years.

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