

1 "Designated geographic area" means the regions represented
2 by the zip codes of 96706, 96707, and 96709.

3 "Establishment" means a single physical location where
4 business is conducted; provided that a business may include one
5 or more establishments.

6 "Full-time employee" means any employee, including a leased
7 employee and an employee under a joint employment arrangement,
8 for whom the employer is legally required to provide employee
9 fringe benefits.

10 "Qualified business" means a business that:

- 11 (1) By December 31, 2021, establishes itself or opens a
12 new location within the designated geographic area;
- 13 (2) Has a minimum net gain of ten full-time employees;
- 14 (3) Is participating in the state enterprise zone program
15 pursuant to chapter 209E; and
- 16 (4) Has an establishment that remains in the designated
17 geographic area for the duration of the program.

18 § -2 Eligibility; qualified business defined. (a)

19 There is established within the department of business, economic
20 development, and tourism, the Kapolei jobs initiative program.

21 Any qualified business is eligible to participate in the Kapolei



1 jobs initiative and is eligible for the incentives available
2 pursuant to this chapter.

3 § -3 Kapolei jobs initiative income tax credit. (a)
4 Each qualified business may apply for and receive, in addition
5 to any other incentive offered pursuant to this chapter, the
6 Kapolei jobs initiative income tax credit as provided under
7 section 235- .

8 (b) Each qualified business shall submit annually to the
9 department of taxation an approved form supplied by the
10 department that provides the information necessary for the
11 department to determine if it may certify the applicability of
12 the tax credits provided in section 235- .

13 (c) The form referred to in subsection (b) shall be prima
14 facie evidence of the eligibility of a business for the purposes
15 of this section.

16 § -4 Adoption of rules. The department of business,
17 economic development, and tourism may adopt rules, pursuant to
18 chapter 91, to effectuate the purposes of this chapter."

19 SECTION 3. Chapter 235, Hawaii Revised Statutes, is
20 amended by adding a new section to be appropriately designated
21 and to read as follows:



1 "§235- Kapolei jobs initiative tax credit. (a) There
 2 shall be allowed to each qualified business, as defined in
 3 section -1, subject to the tax imposed by this chapter, a
 4 Kapolei jobs initiative tax credit, which shall be deductible
 5 from the taxpayer's net income tax liability, if any, imposed by
 6 this chapter for the taxable year in which the credit is
 7 properly claimed.

8 (b) The amount of the tax credit shall:

9 (1) Be equal to per cent of any tax imposed by this
 10 chapter for the first tax year and per cent less
 11 for each of the immediately succeeding four years for
 12 any tax liability; and

13 (2) Include the amount of unemployment insurance accrued
 14 or paid by an employer under chapter 383 as follows:

15 (A) For the first year, per cent of the amount
 16 accrued or paid;

17 (B) For the second year, per cent of the amount
 18 accrued or paid;

19 (C) For the third year, per cent of the amount
 20 accrued or paid;



1 (D) For the fourth year, per cent of the amount
2 accrued or paid; and

3 (E) For the fifth year, per cent of the amount
4 accrued or paid;

5 provided that a qualified business shall be allowed to carry
6 over tax credits provided under this section in a loss year
7 until the next income year; provided further that tax credits
8 may be carried over for a maximum of the immediately succeeding
9 five taxable years. A maximum of \$ of tax credits in
10 the aggregate for all eligible taxpayers may be used in any one
11 taxable year.

12 (c) Any qualified business having taxable income from an
13 establishment's business activity, both within and without the
14 designated geographic area, as defined in section -1, shall
15 allocate and apportion its taxable income attributable to the
16 conduct of business. Tax credits provided for in this section
17 shall only apply to taxable income of a qualified business
18 attributable to the conduct of business within the designated
19 geographic area defined in section -1.

20 (d) If the tax credit under this section exceeds the
21 taxpayer's net income tax liability, the excess of credit may be



1 used as a tax credit against the taxpayer's net income tax
2 liability in the immediately succeeded five taxable years until
3 exhausted.

4 All claims for a tax credit under this section, including
5 amended claims, shall be filed on or before the end of the
6 twelfth month following the close of the taxable year for which
7 the tax credit may be claimed. Failure to comply with the
8 foregoing provision shall constitute a waiver of the right to
9 claim the tax credit.

10 (e) In the case of a partnership, S corporation, estate,
11 or trust, the tax credit allowable is for the qualified costs
12 incurred by the entity for the taxable year. The cost upon
13 which the tax credit is computed shall be determined at the
14 entity level. Distribution and share of the tax credit shall be
15 determined pursuant to section 704(b) (with respect to partner's
16 distributive share) of the Internal Revenue Code.

17 (f) The director of taxation shall prepare any forms that
18 may be necessary to claim a credit under this section. The
19 director may also require the taxpayer to furnish information to
20 ascertain the validity of the claim for the tax credit made



1 under this section and may adopt rules necessary to effectuate
2 the purposes of this section pursuant to chapter 91.

3 (g) For the purposes of this section, "net income tax
4 liability" means net income tax liability reduced by all other
5 credits allowed under this chapter and chapter ."

6 SECTION 4. New statutory material is underscored.

7 SECTION 5. This Act shall take effect on February 19,
8 2030, shall apply to taxable years beginning after December 31,
9 2016, and shall be repealed on December 31, 2021.

10



Report Title:

Kapolei Jobs Initiative; Qualified Business; Income Tax Credit;
Unemployment Tax Credit

Description:

Establishes a Kapolei Jobs Initiative Program that offers tax incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region. Takes effect 2/19/2030. Repeals on 12/31/2021. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

