
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Hotel construction and renovation tax credit.

5 (a) There shall be allowed to each taxpayer subject to the
6 taxes imposed by this chapter and chapter 237D, an income tax
7 credit that shall be deductible from the taxpayer's net income
8 tax liability, if any, imposed by this chapter for the taxable
9 year in which the credit is properly claimed.

10 (b) The amount of the credit shall be per cent of the
11 construction or renovation costs incurred during the taxable
12 year for each new hotel facility constructed or hotel facility
13 renovated and located in the State and shall not include the
14 construction or renovation costs for which another credit was
15 claimed under this chapter for the taxable year.

16 (c) In the case of a partnership, S corporation, estate,
17 or trust, the tax credit shall be determined at the entity



1 level. Distribution and share of credit shall be the same as
2 for the capital goods excise tax credit under section 235-
3 110.7(a).

4 (d) If a deduction is taken under section 179 (with
5 respect to election to expense certain depreciable business
6 assets) of the Internal Revenue Code, no tax credit shall be
7 allowed for that portion of the construction or renovation cost
8 for which the deduction was taken.

9 The basis of eligible property for depreciation or
10 accelerated cost recovery system purposes for state income taxes
11 shall be reduced by the amount of credit allowable and claimed.
12 In the alternative, the taxpayer shall treat the amount of the
13 credit allowable and claimed as a taxable income item for the
14 taxable year in which it is properly recognized under the method
15 of accounting used to compute taxable income.

16 (e) The credit allowed under this section shall be claimed
17 against the net income tax liability for the taxable year.

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



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

3 (g) The tax credit allowed under this section shall be
4 available for taxable years beginning after December 31, 2015,
5 and shall not be available for taxable years beginning after
6 December 31, 2021.

7 (h) As used in this section:

8 "Construction or renovation costs" means any costs incurred
9 during the taxable year for plans, design, construction, and
10 equipment related to new construction, alterations, or
11 modifications to a hotel facility located in the State.

12 "Hotel facility" means an establishment consisting of any
13 building or structure used primarily for the business of
14 providing, for consideration, transient hotel accommodation
15 lodging facilities that furnish, as part of its routine
16 operations, one or more customary lodging services, other than
17 living accommodations and furniture and fixtures, including but
18 not limited to, restaurant facilities, room attendant or bell
19 services, telephone switchboard operations, laundry services, or
20 concierge services, and is subject to the transient
21 accommodations tax under chapter 237D. "Hotel facility" does



1 not include any building or structure that is used, or contains
2 any room that is used, as a condominium as defined under section
3 514B-3 or time share unit as defined under section 514E-1.

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

6 "Taxpayer" means an owner of a hotel facility located in
7 the State."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act shall take effect upon its approval
10 and shall be available for taxable years beginning after
11 December 31, 2015, but shall not be available for taxable years
12 beginning after December 31, 2021.



Report Title:

Hotel Construction and Renovation; Income Tax Credit

Description:

Provides an income tax credit for costs incurred in hotel construction or renovation. (HB133 HD1)

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