
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 235-110.51, Hawaii Revised Statutes, is
2 amended by amending subsections (h) and (i) to read as follows:

3 "(h) The tax credit allowed under this section shall be
4 available for taxable years beginning after:

5 (1) December 31, 2000, but shall not be available for
6 taxable years beginning after December 31, 2010[-];
7 and

8 (2) December 31, 2022, but shall not be available for
9 taxable years beginning after December 31, 2025.

10 (i) As used in this section:

11 "Data server" means a computer system used to hold large
12 amounts of electronic data and provide database management and
13 access services to client computers on a computer network.

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

16 "Renovation costs" means costs incurred after December 31,
17 2000, to plan, design, install, construct, and purchase



1 technology-enabled infrastructure equipment to provide a
2 commercial building with technology-enabled infrastructure.

3 "Technology-enabled infrastructure" means:

4 (1) Either:

5 (A) High speed telecommunications systems that
6 provide Internet access, direct satellite
7 communications access, and videoconferencing
8 facilities; or

9 (B) Data servers;

10 (2) Physical security systems that identify and verify
11 valid entry to secure spaces, detect invalid entry or
12 entry attempts, and monitor activity in these spaces;

13 (3) Environmental systems to include heating, ventilation,
14 air conditioning, fire detection and suppression, and
15 other life safety systems; and

16 (4) Backup and emergency electric power systems."

17 SECTION 2. The department of taxation shall submit a
18 report to the legislature, no later than twenty days prior to
19 the convening of the regular session of 2024, analyzing the tax
20 implications for:



- 1 (1) Exempting from, and excluding from the measure of, the
2 taxes imposed by chapter 237, Hawaii Revised Statutes,
3 any amount arising from the sale of machinery and
4 equipment used, in whole or in part, in a
5 communications network by a provider of
6 telecommunications services as described in section
7 237-13(6), Hawaii Revised Statutes; Internet access as
8 defined in title 47 United States Code section 151; or
9 any combination thereof; and
- 10 (2) Amending section 238-3, Hawaii Revised Statutes, by
11 adding a new subsection to exempt from the tax imposed
12 by chapter 238, Hawaii Revised Statutes, any use of
13 machinery and equipment used in a communications
14 network exempted by paragraph (1).

15 SECTION 3. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on June 30, 3000,
2 and shall apply to taxable years beginning after December 31,
3 2022.



S.B. NO. 302
S.D. 2
H.D. 1

Report Title:

Technology Infrastructure Renovation Tax Credit; Reinstatement;
Data Servers; Report

Description:

Temporarily reinstates the technology infrastructure renovation tax credit. Expands the definition of "technology-enabled infrastructure" to include data servers. Requires a report from the department of taxation analyzing the tax implications for specified exemptions and exclusions from chapters 237 and 238, HRS. Effective 6/30/3000. (HD1)

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