

# TAX FOUNDATION OF HAWAII

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## 2011 Tax Acts

Administrative Proposals			
Dept/No.	Description	Senate	House
TAX-01	<b>INCOME</b> - Annual conformity measure that would update references to the federal Code within subtitle A of Chapter 1. Makes section 68 (with respect to the overall limitation on itemized deductions) of the IRC operable for state income tax purposes but does not adopt the phase out of the limitation or the 12/31/09 sunset date. Provides that the thresholds shall be those that were operative for the 2009 federal tax year. The sales tax deduction under section 164 (with respect to taxes) of the IRC shall not be operable for Hawaii income tax purposes. The aggregate cost provided in section 179 (with respect to the election to expense certain depreciable business assets) of the IRC to provide that the aggregate cost under section 179(b)(1) which may be taken into account under subsection 179(a) for any taxable year shall not exceed \$25,000; and the amount at which the reduction in limitation provided in section 179(b)(2) begins shall be \$200,000 for any taxable year.		1089, CD-1 <a href="#">Act 91</a> 6/9/11
TAX-04	<b>USE</b> - Clarifies existing laws relating to the application of the use tax exempting stevedoring and other similar activities	1318, SD-1 <a href="#">Act 32</a> 4/29/11	
BED-02	<b>CONVEYANCE</b> - Repeals the conveyance tax exemption for low-income housing projects certified by the Hawaii housing finance and development corporation effective 7/1/11	1241, HD-1 <a href="#">Act 100</a> 6/9/11	
TRN-13	<b>MISCELLANEOUS</b> - Allows the department of transportation to increase the passenger facility charges up to the maximum allowable without regard to the administrative provisions of HRS chapter 91	1327, HD-1 <a href="#">Act 41</a> 5/4/11	
TRN-14	<b>MOTOR VEHICLE</b> - Increases the state motor vehicle registration fees by \$20	1328, CD-1 <a href="#">Act 162</a> 6/23/11	
TRN-15	<b>MOTOR VEHICLE</b> - Increases the state motor vehicle tax by 1 cent per pound for each respective category	1329, CD-1 <a href="#">Act 86</a> 6/8/11	

## Legislative Tax Proposals

TAX	Bill No.	Description	Status
<b>ADMIN./ APPEALS</b>	SB 34, CD-1	Provides that the tax appeal court: (1) shall allow pretrial discovery upon prior written approval of the court; (2) shall provide that costs and fees awarded to the prevailing party shall be limited to the fees paid directly to the court in conducting the tax appeal at issue; and (3) shall cause a notice of the appeal and a copy of the statement to be served on the real property assessment division of the county involved	<a href="#">Act 167</a> 6/27/11
	HB 382, SD-2	Explicitly provides authority that the auditor shall inspect the documents and financial affairs of the department of taxation. Subjects the auditor's office to penalty provisions for the unlawful disclosure of confidential tax information.	<a href="#">Vetoed</a> 5/5/11

	HB 828, CD-1	Provides that it shall be unlawful to conduct more than ten taxable business transactions per day in cash and fail to: (1) offer a receipt or other record of the transaction; and (2) maintain a contemporaneously generated record of all business transactions conducted each day; whether hand written or generated by a manually operated or electronic cash register. If a person is in compliance with Title 14 at the time of violation, the fine under this section shall be commensurate with the violation, as determined by the department pursuant to rules adopted under HRS chapter 91. Repeals provisions requiring the recording of transactions by a cash register.	<a href="#">Act 102</a> 6/9/11
	HB 1532, SD-2	Requires a taxpayer to obtain a decision by the real property assessment division of the respective county prior to appealing any assessment to the Tax Appeal Court	<a href="#">Act 106</a> 6/14/11
<b>INCOME</b>	SB 570, CD-1	Provides that the deduction for state sales and income taxes <b>shall not be operative</b> to corporate taxpayers and <b>shall be operative</b> if a taxpayer's FAGI is: (1) less than \$100,000 for a taxpayer filing a single return or a married person filing separately; (2) less than \$150,000 for a taxpayer filing as a head of household; or (3) less than \$200,000 for a taxpayer filing a joint return or as a surviving spouse. Itemized tax deductions under the state income tax shall not exceed the lesser of: (1) the limit of itemized deductions under section 68 of the Internal Revenue Code (IRC); or (2) \$25,000 for taxpayers filing a single return or married person filing separately with a FAGI of \$100,000 or more; \$37,500 for taxpayers filing as a head of household with FAGI of over \$150,000 or more; and \$50,000 for taxpayers filing a joint return or as a surviving spouse with FAGI of \$200,000 or more. These provisions shall be applicable to tax years beginning after 12/31/10 and not to tax years beginning after 12/31/15. Delays the increase in the standard deduction and personal exemption from tax years beginning after 12/31/10 to tax years beginning after 12/31/12 and make these increases permanent.	<a href="#">Act 97</a> 6/9/11
	HB 960, CD-1	Provides that a qualified low-income building that has been awarded a subaward under section 1602 of the American Recovery and Reinvestment Act (ARRA), shall be eligible for the low-income housing credit of 50% of the federal low-income housing tax credit pursuant to IRC section 42(b). In lieu of the low-income housing tax credit, the owner of a qualified low-income building may request a no-interest, low-income housing tax credit loan to an owner of a qualified low-income building that has been awarded federal tax credits equal to 70% of the cash value of the amount of the low-income housing tax credit.	<a href="#">Act 158</a> 6/23/11
<b>GET</b>	SB 754, CD-1	Suspends selected general excise and use tax exemptions and provides that the amount of the exempt income shall be taxed at the rate of 4% temporarily between 7/1/11 and 6/30/13. CD-1 provides that the temporary suspension of GET exemptions shall not apply to gross income or gross proceeds from stevedoring services and related services furnished to a company by its wholly owned subsidiary.	<a href="#">Act 105</a> 6/9/11
<b>TAT</b>	SB 1186, CD-1	Provides that a TAT of \$10 shall be imposed on every transient accommodation that is furnished at no charge, including transient accommodations furnished as part of a package or point program. Between 7/1/11 and 6/30/15: (1) limits the amount TAT revenues deposited into the tourism special fund to \$69,000,000; and (2) provides that the counties share of the transient accommodations tax revenues shall not exceed \$93,000,000 per fiscal year.	<a href="#">Act 103</a> 6/9/11
<b>RENTAL MOTOR VEHICLE</b>	HB 1039, CD-1	Increases the rental motor vehicle surcharge from \$3 to \$7.50 between 7/1/11 and 6/30/12. Provides that a portion of the rental motor vehicle surcharge that is the equivalent of \$4.50 shall be deposited into the general fund. Suspends the imposition of the rental motor vehicle facility charge of \$4.50 per day between 7/1/11 and 6/30/12.	<a href="#">Act 104</a> 6/9/11
<b>MISC.</b>	SB 120, CD-2	Repeals various special and revolving funds of various state agencies and departments and transfers amounts determined to be in excess to the general fund	<a href="#">Act 124</a> 6/15/11
	HB 865, SD-2	Increases the inspection, quarantine, and eradication service fee from 50 cents to 75 cents for every 1,000 pounds of freight brought into the state	<a href="#">Act 36</a> 5/4/11