

2000 Tax Acts

Administrative Proposals

Dept/No.	Description	Senate	House
TAX-01	INCOME - Conforms Hawaii's income tax laws to the federal Internal Revenue Code. Provisions include: extending deduction for employer provided education assistance to 12/31/01; gains from constructive ownership transactions; modification of installment sales and repeal of installment method for accrual method taxpayers insurance arrangements; denial of charitable contribution deduction for transfers associated with split-dollar; provides federally authorized tax practitioners who provide tax advice common law confidentiality protection as attorneys; and adopts IRC section 41 credit for increasing research activities if federal law is repealed or lapsed.	SB 2938, HD-1 ACT 174	
TAX-02	MISCELLANEOUS - Amends Act 155, SLH 1999, to carry forward the appropriations from the department of taxation's integrated tax information management system special fund from \$17,750,828 to \$8,303,558 for fiscal 2000 and from \$7,480,428 to \$16,296,090 in fiscal 2001.	SB 2939, SD-1 ACT 175	
TAX-08	ADMINISTRATION - Eliminates prepayment of assessed taxes levied under the general excise, transient accommodations, use, fuel, liquor, tobacco, conveyance tax, or the rental motor vehicle surcharge before appeals are made to boards of review.	SB 2946, CD-1 ACT 199	
TAX-09	ADMINISTRATION - Allows a person contractually obligated to pay tax assessed against another to be included in the list of persons with a material interest to examine the tax return information during an audit	SB 2947 ACT 34	
LTG-06/ SWAT	FUEL - Deletes the requirement that fuel tax distributors report: (1) the total number of gallons of fuel imported and sold; and (2) the total number of gallons of fuel on hand in the distributor's possession in all of the islands at the beginning of each month, including the number of gallons refined, manufactured, produced, compounded by the distributor or acquired from persons not subject to the tax, or only subject to the tax of 1 cent per gallon, or imported during the month, and the total number of gallons in the distributor's possession at the end of the month.		HB 2584 ACT 85

Legislative Proposals

INCOME	SB 2056, CD-1	Provides a credit of 50% of the amount contributed to an individual development account (IDA). Moves credit provisions from HRS chapter 257 to HRS chapter 235. Provides that the credit cannot be claimed if the amount was also deducted as provided for under IRC Code Section 170. Limits the aggregate amount of the credit to \$1 million. Makes IDA provisions retroactive to 6/28/1999 and expires on 01/01/05.	ACT 184
	SB 2221, CD-1	Establishes an ethanol investment credit for a facility in production on or before 1/1/12. Provides that the amount of the credit shall be determined by "nameplate capacity" of the facility which is the number of gallons that can be produced in one year. Limits the credit to the lesser of 30% of the investment amount or a dollar amount delineated in the schedule. Provides that if the total nameplate capacities of ethanol facilities in the state reaches or exceeds 40 million gallons a year, no new investments or production facilities shall be allowed to begin claiming credits. Repeals GET exemption for alcohol fuels on 12/31/06.	ACT 289
	SB 2706, CD-1	Allows taxpayers to claim an aircraft operating lease investment tax credit of 2% of the lease rent paid for leased "stage 3" aircraft used for commercial transportation of passengers and goods between points within the state. Applies only to lease payments made after 6/30/00.	Veto
	SB 2781, CD-1	Establishes a new hotel and hotel/condo renovation tax credit of 4%. The credit shall be effective for tax years beginning after 12/31/98 and shall not be available for tax years beginning after 12/31/02. Exempts income received by a call center for customer service and support services from the general excise tax. Also exempts from the general excise tax and the public service company tax income received by a telecommunication common carrier from persons operating a call center for a ten-year period until 2010.	ACT 195

	HB 2023, CD-1	Establishes an income tax credit equal to 10% of the cost of improvements over \$200,000 for agricultural infrastructure which includes the planning, design, construction, reconstruction, improvement, altering, or repair of irrigation and drainage systems. Also establishes an income tax credit of 10% of the cost for construction or reconstruction of water storage facility for drought mitigation purposes. Repeals the credit on 1/1/05.	Veto
	HB 2432, SD-1	Allows allocation of low-income housing credit between a partnership, limited liability company and S corporation which will permit the claiming of the low-income housing tax credit without claiming the credit on the federal level.	ACT 148
	HB 2760, SD-1	Clarifies existing provisions relating to the establishment of college savings accounts in the state	ACT 90
	HB 2901, CD-1	Appropriates \$800,000 from the general fund for fiscal 2001 to expand the department of education's E academies to provide industry and academic standards-based instruction and assessments in technology, science, math, and engineering and laptop computers for learning programs. Appropriates \$200,000 from the general fund for fiscal 2001 for marketing and promoting high technology development in Hawaii by the high technology development corporation. Also allows a qualified high technology business to sell its unused net operating loss carryover applicable to sales of net operating loss carryovers after 12/31/00 and before 1/1/04; consolidates high technology definitions under HRS section 235-1 and adds new definitions of "computer data" and "computer program"; provides that section 704 of the IRC shall be operative for state income tax purposes except that subsection (b)(2) shall not be applicable to allocations of the high technology businesses investment tax credit under HRS section 235-110.9; permits qualified high technology businesses to carryforward their capital loss to 15 years; expands income tax exclusion for royalties and other income to include royalties derived from trade secrets; provides that the qualified high technology businesses under the stock options exemption conduct more than 50% or 75% of its activities in qualified research rather than 100%; provides that the high technology business investment tax credit and the credit for increasing research shall be made refundable; conforms credit for increasing research activities to federal percentages; and provides that if the federal credit for increasing research is repealed or terminated prior to 1/1/06, the provisions will remain in effect for state income tax purposes. Permits the board of trustees of the employees' retirement system to invest in Hawaii high technology business or venture capital investments. Also exempts the members of the special advisory council for technology development from the senate confirmation process and financial disclosure requirements. The Hawaii tourism authority may enter into contracts and agreements that promote Hawaii as a place to do high technology business. Amends laws relating to the high technology development corporation to: (1) establish a high technology loan revolving fund (not to exceed \$2 million in a fiscal year) for the purpose of investing in technology development in Hawaii; (2) permit the corporation to contract for the provision of services necessary for the management and operation of the corporation; (3) delineate confidentiality provisions for disclosure information; (4) delineate liability limitations of the corporation; (5) further clarify duties of the corporation; (6) provide that the total amount of moneys in the high technology special fund shall not exceed \$3,000,000 in any fiscal year; and (7) permit a member from the boards of the high-tech development corporation, the Hawaii strategic development corporation and the natural energy laboratory of Hawaii authority to sit on each other's boards. Establishes the Hawaii technology investment program to allow investors to invest venture capital in businesses in Hawaii.	ACT 297
GENERAL EXCISE	SB 2160, HD-1	Permits contractors to pay GET on a cash basis while operating on an accrual basis	ACT 262
	SB 2289, SD-2	Clarifies that prepaid calling cards shall be considered tangible personal property subject to GET. Sales not made on the premises of the vendor will be presumed to have been made at the purchasers address or billing address. Sales by providers of the card/services purchased for resale shall be subject to the wholesale rate while all other sales shall be considered sales at retail. Provides that the use tax shall be applicable to prepaid telephone calling services after 8/31/00.	ACT 27

	SB 2409, CD-1	Exempts income received by a call center for customer service and support services from the general excise tax. Also exempts from the general excise tax and the public service company tax income received by a telecommunication common carrier from persons operating a call center for a ten-year period until 2010. Also provides that the qualified improvement tax credit for qualified improvement costs over a three-year period shall be: 4% for costs under \$1 million; 10% for costs of \$1 million but not over \$5 million; and 15% for costs of \$5 million but not over \$10 million. The credit shall be 15% for costs of \$10 million and over or 20% for costs over \$30 million if the taxpayer pays all employees the prevailing wages if the taxpayer is the general contractor of the project or if the taxpayer contracts out, there are stipulations requiring that the contractor and any subcontractor pay the prevailing wages for employees working on the project. Gives the director of taxation discretion in determining the amount of the credit depending on how much tax revenue is generated from the project. Repeals this credit on 1/1/06.	Veto
	SB 2945, HD-3	Makes technical corrections to the pyramiding bill and applies relief to amusements and contracting sales. Provides phased-in tax relief under the public service company tax for sale of telecommunication services by a public utility for resale and motor carriers who provide services to the construction industry. The phased-in relief for the sale of telecommunication services shall be taxed at the rate of 5.5% in calendar 2000 and result in a rate of 0.5% in calendar 2007 and thereafter.	ACT 198
	SB 2716, CD-1	Provides that the sales of a printer to a publisher of magazines containing advertisements where the publisher is under contract with advertisers to distribute a minimum number of magazines to the public without charge, shall qualify as a wholesale sale under the general excise and use tax. This act shall be applicable to gross income or gross proceeds received after 6/30/00.	ACT 271
	HB 1691, HD-1	Exempts foreign diplomats and consular officials from the general excise and transient accommodations taxes. Also provides a use tax exemption for property, services or contracting imported by such officials.	ACT 38
PUB. SVC. COMPANY	SB 2303, CD-1	Diverts a portion of public service company tax revenues collected from interisland cruise ships into the harbor and boating special funds to finance improvements to passenger cruise facilities. Delineates specific amounts for each fiscal year between 2001 and 2025 which shall be deposited into the respective funds.	Veto
TOBACCO	SB 2486, CD-1	Appropriates \$35,000 in general funds to the department of taxation for fiscal 2001 for startup costs to implement the cigarette stamp tax system including a one-year supply of stamps and stamp cylinders. Appropriates \$200,000 in general funds for fiscal 2001 to the attorney general to effectuate the provisions of this act including the hiring of necessary staff. Provides for the stamping of cigarettes to insure payment of tobacco tax and designates the attorney general as enforcement agency. Directs the director of taxation to submit findings and recommendations on the effectiveness of the stamping of cigarettes as a way to reduce the loss of cigarette tax revenue to the 2006 legislature. Requires the attorney general to submit a report on its activities relating to this act including expenses, fines, penalties, and forfeitures to the 2002 and 2003 legislature.	ACT 249
CONVEY- ANCE	SB 2513, CD-1	Provides that conveyance tax revenues designated for the natural area reserve fund shall also be used for watershed management purposes	ACT 269
INSUR. PREMIUMS	SB 2731, HD-2	Specifies that refunds of the insurance premiums tax are to be paid out of the general fund.	ACT 162
MISC.	SB 2166, HD-2	Amends the definition of "qualified business" under the laws relating to enterprise zones to provide that the sale of electric power from wind energy for sale to a public utility for resale shall qualify for enterprise zone benefits.	ACT 160
	SB 2779, CD-1	Allows call centers and genetic-engineered medical, agricultural or maritime biotechnology businesses to qualify as enterprise zone activities and be eligible to receive enterprise zone benefits.	ACT 118

	SB 2879, CD-1	Establishes a \$1 motor vehicle tire surcharge on tires imported into the state between 9/30/00 and before 1/1/06 including tires on motor vehicles and spare tires. Permits motor vehicle rental companies to subtract the number of tires on motor vehicles exported from the state when calculating the surcharge. The funds are to be deposited into the environmental management special fund and shall be used for used tire management, collection, disposal, recycling, marketing, etc.	ACT 173
	SB 2942	Changes report dates for the council on revenues' estimates of total state personal income from July 20 to August 5 and from October 20 to November 5 and moves forward the dates by which the director of finance shall give public notice of the calculation of the spending ceiling from August 1 to August 15 and from November 1 to November 15.	ACT 33
	HB 2539, SD-1	Expands the duties of the environmental response revolving fund to include programs related to environmental protection and natural resource protection as well as to address issues related to development of alternative fuels, air quality, global warming, clean water, polluted runoff, and solid and hazardous waste.	ACT 245
CONST. AMEND.	SB 2941	Amends the State Constitution to provide that the tax review commission be appointed every 10 years instead of 5 years	Failed Voter Approval