

2003 Tax Acts

Administrative Proposals			
Dept/No	Description	Senate	House
TAX-01	INCOME - Annual conformity measure updating references to the Code as of 12/31/02 and makes inoperative: (1) treatment of extraterritorial income, (2) the 30% bonus depreciation for property acquired after 9/11, and (3) the five-year carryback of NOL's in 2001 and 2002. Adopts the above-the-line deduction for teachers who purchase classroom supplies.	SB 1394, HD-1 Act 172	
TAX-04	ADMINISTRATION, GENERAL EXCISE, USE - Would repeal certain obsolete sections of the law and clarify others. Changes the designation of the tax reserve fund to a trust fund, repeals the unconstitutional exemption from the general excise tax for locally made products, repeals the county surcharge option for funding mass transit and the concurrent tax credit, repeals the section imposing the general excise tax on retailing as a class, and repeals the exemptions under the general excise and use tax for producers of motion pictures which expired nearly three decades ago.	SB 1395, CD-1 Act 135	
TAX-05	INCOME, ESTATE - Corrects an ambiguous situation relating to the payment of estimated taxes. Extends the requirement that only 60% of income taxes due need be paid as estimated taxes by those with adjusted gross incomes of less than \$50,000 and conforms the requirement for estimated taxes based on prior years' liability to the federal law by lowering it to 100% of the prior year's liability.	SB 1396 Act 14	
TAX-06	MISCELLANEOUS - Authorizes Hawaii to participate in the multistate project called the Streamlined Sales Tax Project which is intended to simplify sales and use tax administration among sales tax states.	SB 1397, HD-2 Act 173	
TAX-09	ADMINISTRATION - Allows the department to effect compromises of taxes under dispute without the governor's approval if the amount in dispute is less than \$50,000 provided that the tax director may seek approval where deemed appropriate and directs that such compromises must be posted on the department's website at least five days prior to signing the compromise. Permits the department to waive penalties and interest on delinquent taxes regardless of how long the delinquency has occurred. Authorizes the department to hire investigators.	SB 1400, HD-1 Act 136	

<p>BUF-14</p>	<p>MISCELLANEOUS - Repeals the following special and revolving funds and transfers residual funds to the general fund: petroleum products control; film facility; clean Hawaii; homes revolving; innovation development; statewide planning & GIS; capital loan revolving; strategic development corporation revolving, and designates that any monies still owing the homes revolving fund shall be paid to the dwelling unit revolving fund. Takes expended and unencumbered balances from the boiler and elevator safety revolving fund as of 6/30/03. Takes excess moneys from the following funds: cigarette stamp enforcement fund; Medicaid investigations recovery; litigation settlement clearance account; aloha tower; dwelling unit revolving; teachers' housing revolving; housing finance revolving; Waialua loan and subsidy account; compliance resolution; spouse and child abuse special account; bureau of conveyances; agricultural loan reserve and revolving funds; animal quarantine; disaster revolving; Waiahole water system revolving; stadium; motor pool; parking; identification; capital loan revolving funds; state foreign trade zone; PUC; real estate education; insurance commissioner's education training; health planning and development; tobacco settlement; driver education and training; OSHA training and assistance; land and development; controlled substance registration; Halawa, OCCC and Waiawa correctional facility inmate store funds; compliance resolution; land and development; and the strategic development corporation revolving fund.</p>		<p>HB 1152, CD-2 Act 178</p>
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	<p>Specifies that tobacco settlement moneys in excess of the needs to finance the UH health and wellness center shall revert to the emergency and budget reserve fund (80%) and to the tobacco prevention and control trust fund (20%). Designates that any money remaining in the bureau of conveyances special fund in excess of \$500,000 at the end of each fiscal year shall lapse into the general fund. Specifies that the 1% work of arts fund transfer shall not apply to the passenger facility special fund. Repeals certain sections relating to the housing alterations revolving loan fund. Transfers from the various special funds to the general fund \$61,969,059 for fiscal 2004 and \$7,600,000 for fiscal 2005.</p>		
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Legislative Tax Proposals			
TAX	Bill No.	Description	Status
INCOME	SB 377, CD-1	<p>Grants an income tax credit for investment in the development of amenities or attractions for educational or promotional purposes at the Ko'Olina Resort and Marina and Makaha Resort. The tax credit shall be deductible from the taxpayer's tax liability imposed by HRS chapters 235, 237, 237D, 238, 239, 241, or 431. The credit shall be equal to the qualified cost incurred from 6/1/03 to 5/31/09 available for tax years beginning after 12/31/04; up to a maximum credit amount of \$75 million in the aggregate for all qualified taxpayers. A maximum of \$7,500,000 of tax credit in the aggregate maybe utilized in any one year. To qualify for the credit the taxpayer shall expend qualified costs and develop a world class aquarium and marine science and mammal research facility at Ko'Olina and either dedicate one half of the net operating income of the facility beginning on the first day of the 17th year following the year in which the tax credit is first taken or acquire or own the Makaha Resort and lease or sell a portion for use as training and educational facilities for a period of not less than six years. Applies the aggregate and annual aggregate limits to any amount of credit in excess of liability that is carried forward. Specifies that costs utilized to claim this credit may not be used to claim any other credit available under other chapters identified in the measure and requires the taxpayer to submit a written statement to DBEDT - which shall be a public document - about the qualified costs to claim the credit, the amount of the credit claimed in the previous year, and the tax liability against which the credit is claimed.</p>	Act 100
	SB 855, CD-1	<p>Adds a new section to HRS chapter 235 to allow a taxpayer to claim a nonrefundable tax credit for every eligible renewable energy technology system (solar and photovoltaic - 35%, wind - 20% with dollar limits varying by type of installation) installed and placed in service after 6/30/03. Qualified costs cannot include costs used to claim any other income tax credit. The department of taxation is to assist in the collection of data on the number of systems qualifying for the credit by technology and type of taxpayer. Directs the energy resources coordinator to review and evaluate the appropriateness of the credits in encouraging alternate energy use and report to the 2007 session. Repealed 1/1/08.</p>	Act 207

	SB 1088, CD-1	Establishes the long-term care income tax of \$120 in each tax year beginning 1/1/05. Provides that the tax shall be increased as follows: for tax years beginning on 1/1/06, the tax shall be \$144; 1/1/07 - \$168; 1/1/08 - \$192; 1/1/09 - \$216; 1/1/10 - \$240; 1/1/11 - \$264; 1/1/12 - \$276. The proceeds of the long-term care income tax shall be deposited into the long-term care benefits trust created in HRS section 346C-5. Benefit disbursement shall begin on 1/1/08. The initial benefit level shall be \$70 per day for 365 days. The benefits shall increase to: \$72.10 per day in 2009; \$74.26 in 2010; \$76.49 in 2011; \$78.79 in 2012; \$81.15 in 2013; \$83.58 in 2014 and thereafter. Provides that benefits shall be tax exempt. Specifies the types of information the director of taxation shall share with the trustees of the long-term care program. Provides for a refundable long-term care tax credit for those who purchase private long-term care insurance of \$120 annually for 2006 through 2008, \$180 for 2009-2013 provided the credit may not be taken for any cost claimed as a deduction under IRC section 213. Appropriates \$900,000 for FY 2004 for start-up and administration costs for which the program is to reimburse the general fund five years after 7/1/05.	Veto
	HB 638, CD-1	Allows individuals to designate \$2 of their tax refund to the libraries special fund established by HRS section 312-3.6. Joint taxpayers may designate up to \$4. Effective for tax years beginning after 12/31/03.	Act 193
	HB 1400, CD-2	Provides that the 10% hotel construction and renovation tax credit shall drop to 8% of the costs incurred upon the effective date of this measure and shall apply to all qualified costs incurred thereafter up to 7/1/06 after which the credit shall be 4% for qualified costs incurred before 7/1/10. Includes commercial building and facilities located in a qualified resort area which has been designated by county ordinance as qualified for this credit. Provides for specific repeal of the credit on 7/1/10.	Veto
TAT	SB 1040, CD-1	Provides that the TAT revenues designated for the statewide trails and access program shall be deposited into the special land and development fund; repeals the \$500,000 limitation on the amount of funds that may be dedicated to trails and access under the jurisdiction of the DLNR.	Act 113