

TAX FOUNDATION OF HAWAII

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Tax Acts - 2010

Administrative Proposals		
Dept/No.	Description	House
TAX-01	INCOME - Annual conformity measure that would update references to the federal Code within subtitle A of Chapter 1. Provides that the rate of interest for monies held in the litigated claims fund shall be computed by reference to IRC section 6621(a) (with respect to interest rate determination) as of 1/1/10. Also makes certain provisions of the federal Patient Protection and Affordable Care Act operable for Hawaii income tax purposes effective on 4/1/10.	2594, CD-1 Act 112 5/17/10
TAX-07	GENERAL EXCISE - Requires all businesses that enjoy a general excise tax benefit to obtain a general excise tax license and file an annual general excise tax reconciliation tax return. Allows the director of taxation to waive the denial of the general excise tax benefit if the failure to comply is due to reasonable cause and not to the wilful neglect of the taxpayer. Also establishes personal liability for general excise taxes on certain gross income of a taxpayer and provides that such amounts shall be held in a trust (fund) for the benefit of the state and payment to the state.	2595, CD-1 Act 155 6/1/10
TAX-09	INCOME - In offsetting a taxpayer's income tax liability, provides that tax credits that may be refunded or paid to the taxpayer who has no income tax liability shall be used first, followed by nonrefundable tax credits and then any credits in excess of tax liability that may be used as a credit against taxes in subsequent years until exhausted	2596 Act 21 4/14/10
TAX-21	ADMINISTRATION - Provides that taxpayers subject to sections 237D, 238, 243, 244D, 245 and 251 required to file annual, monthly, quarterly, or semiannual returns or any other return that is due on the last day of the month are to be filed by the 20th day of the month. For insurance taxpayers, quarterly tax statements shall be filed monthly on the 20th day of the month instead of the last day of the month.	2600 Act 22 4/14/10
BUF-17	MISCELLANEOUS - Transfers \$46 million in various non-general funds to the general fund. Alters the disposition of tobacco tax revenues.	2542, CD-1 Act 192 7/6/10

Legislative Tax Proposals

TAX	Bill No.	Description	Status
ADMIN.	HB 1948, CD-1	Provides that for any overpayment of tax, any tax refund shall be paid by the department of taxation within 90 days of the tax filing date or the date the tax was due, whichever is later. Requires interest to be paid on any tax refund not paid within 90 days by the department of taxation. All general revenues collected after an increase of any general excise or use tax rate shall be used first to pay tax refunds delayed from fiscal 2010 to fiscal 2011.	Act 171 6/23/10
INCOME	SB 2001, HD-1	Extends the tax credit for research activities from 12/31/10 to 12/31/11 and repeals the technology infrastructure renovation tax credit and the high technology business investment tax credit on 5/1/10	Vetoed 7/1/10
	SB 2401, HD-1	Effective 7/1/10, claims for the technology infrastructure renovation tax credits and the high technology business investment tax credits shall be suspended until tax year 2013. This suspension shall apply to taxpayers subject to the net income, financial institutions and insurance premiums taxes.	Vetoed 6/9/10

	SB 2834, SD-1	Reinstates the deduction for wagering losses retroactive to 1/1/09	Act 23 4/15/10
	HB 1907, CD-1	Provides that itemized tax deductions under the state income tax law shall not exceed: (1) \$50,000 for taxpayers filing a joint return with AGI of over \$300,000 or as surviving spouse with AGI of over \$300,000; (2) \$37,500 for taxpayers filing as head of household with AGI of over \$225,000; (3) \$25,000 for taxpayers filing as unmarried individuals or not as a surviving spouse or not as a head of household with AGI of over \$150,000; or (4) \$25,000 for taxpayers filing as a married individual filing separately with AGI of over \$150,000; provided that this provision shall be repealed on 1/1/16. The capital goods excise tax credit shall be nonrefundable between 1/1/10 and 12/31/15. Also provides that this measure shall take effect on 7/1/10 and be applicable retroactive to 1/1/10.	Vetoed 7/1/10
	HB 1985, CD-1	Repeals the deduction for political contributions for tax years beginning after 12/31/10. Increases the tax rate on cigarettes from 13 cents to 15 cents per cigarette beginning 7/1/10 and to 16 cents per cigarette beginning on 7/1/11. Provides an across-the-board increase in all insurance licensing and certificate fees by doubling the amount of the current fee and as of 7/1/10 the proceeds of the fees shall be deposited in equal amounts to the compliance resolution fund and the state general fund; sunsets on 7/1/14.	Act 59 4/25/10
INHER. & ESTATE	HB 2866, CD-1	Amends the definition of "federal credit" to provide that for a generation-skipping transfer the maximum amount of credit for state taxes allowed by IRC section 2604 shall be as it existed on 12/31/00. Stipulates that a decedent shall be entitled to all applicable exclusion or exemption amounts as determined under the IRC as of 12/31/09 before being subject to any estate taxes, including up to a \$3.5 million exclusion amount under IRC section 2010. Also imposes a tax on the transfer of a taxable estate located in Hawaii on nonresidents who are not citizens. This measure shall be applicable to individuals who die after 4/30/10.	Vetoed 4/25/10 Legislative Override Act 74 4/29/10
GENERAL EXCISE	SB 2643, CD-1	Extends the general excise tax exemption for amounts received by a timeshare association and suboperator of a hotel from a timeshare association or from the operator of the hotel which are disbursed for employee wages, salaries, payroll taxes, insurance premiums and benefits from 12/31/10 to 12/31/14. Also clarifies that the aggregate amount of the tax exempted shall not exceed \$400,000 per calendar year.	Act 91 5/11/10
FUEL	HB 2421, CD-1	Renames the environmental response tax the environmental response, energy and food security tax. Increases the rate of tax from 5 cents per barrel to \$1.05 on each barrel; provided that each barrel of petroleum product sold by a distributor to any retail dealer or end user, other than a refiner of petroleum product that is aviation fuel, shall be subject to the tax, provided that 5 cents of the tax shall be deposited into the environmental response revolving fund; 15 cents shall be deposited into the energy security special fund, 10 cents shall be deposited into the energy systems development special fund; and 15 cents shall be deposited into the proposed agricultural development and food security special fund; the residual of 60 cents shall be deposited into the general fund between 7/1/10 and 6/30/15. Also establishes an agricultural development and food security special fund. Repeals the preceding provisions on 6/30/15. Establishes the Hawaii economic development task force within DBEDT to facilitate the accelerated adoption and completion of renewable energy projects, energy efficiency programs, and agricultural infrastructure and development. Establishes a Hawaii clean energy initiative program within DBEDT to manage the state's transition to a clean energy economy.	Vetoed 4/25/10 Legislative Override Act 73 4/29/10
TOBACCO	SB 1230, CD-1	Adds a definition of "large" and "small" cigars and clarifies that the tax on small cigars shall be 70% of the wholesale price and the tax on large cigars shall be 50% of the wholesale price	Act 90 5/11/10

	HB 1985, CD-1	Repeals the deduction for political contributions for tax years beginning after 12/31/10. Increases the tax rate on cigarettes from 13 cents to 15 cents per cigarette beginning 7/1/10 and to 16 cents per cigarette beginning on 7/1/11. Provides an across-the-board increase in all insurance licensing and certificate fees by doubling the amount of the current fee and as of 7/1/10 the proceeds of the fees shall be deposited in equal amounts to the compliance resolution fund and the state general fund; sunsets on 7/1/14.	Act 59 4/25/10
MISC.	SB 2461, CD-1	Increases the rental motor vehicle customer facility charge from \$1 to \$4.50 per day on 9/1/10. Appropriates \$71,800,000 out of the rental motor vehicle customer facility charge special fund for fiscal 2011 for the planning, land and utility acquisition, design and program management, and construction to provide consolidated car rental facilities for the car rental agencies and other related improvements for the department of transportation's airport modernization program.	Act 204 7/6/10
	SB 2806, CD-1	Provides that 5% of the general fund end year balance at the end of a fiscal year shall be transferred into the emergency and budget reserve fund when state general fund revenues, for each of two successive fiscal years, exceed revenues for each preceding fiscal year by 5%. Transfers shall not be made to the fund when the balance in the fund is equal to or more than 10% of general fund revenues for the preceding fiscal year. The monies deposited into the budget reserve fund shall be kept in separate accounts. This measure shall take effect on 7/1/10 and upon the ratification of a constitutional amendment requiring the deposit of excess revenues from the general fund into the emergency and budget reserve fund.	Act 138 5/25/10
	SB 2807, CD-1	Proposes a constitutional amendment to provide that whenever the general fund year-end balance at the close of two successive fiscal years exceeds 5% of general fund revenues, the legislature, in the next regular session, shall, as an alternative to refunding an amount to taxpayers, deposit the amount that would have otherwise been refunded to taxpayers under the excess revenues provision into one or more funds	Approved by Voters 11/2/10 Election