

**2013 Tax Acts**

| <b>2013 Administrative Proposals</b> |   |  |              |
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| <b>Dept/No.</b>                      | <b>Description</b>  | <b>Senate</b>                            | <b>House</b> |
| TAX-01                               | <b>INCOME</b> - Annual conformity measure that would update references to the federal Code within subtitle A of Chapter 1 as of 1/2/13  | 1184,<br>SD-1<br><a href="#">Act 43</a>  |              |
| TAX-02                               | <b>ADMINISTRATION</b> - Clarifies the application of laws delineating the denial of general excise tax benefits as they are applicable to nonprofit organizations   | 1185,<br>SD-1<br><a href="#">Act 52</a>  |              |
| TAX-05                               | <b>ADMINISTRATION</b> - Allows the department to close an uncollectible account sooner than the current period of two years. Clarifies that the measure shall take effect retroactive to 1/1/13.  | 1187,<br>SD-1<br><a href="#">Act 33</a>  |              |
| TAX-06                               | <b>ESTATE AND GENERATION-SKIPPING TRANSFER</b> - Makes technical corrections to HRS chapter 236E to provide that the provisions of that chapter are applicable to decedents in a civil union as they apply to decedents of a marriage   | 1188,<br>HD-1<br><a href="#">Act 60</a>  |              |
| TAX-08                               | <b>USE</b> - Clarifies the law with respect to the treatment of imported contractor services purchased for resale by a contractor   | 1190,<br>SD-1<br><a href="#">Act 46</a>  |              |
| TAX-09                               | <b>TAX APPEALS</b> - Permits the establishment of additional boards of review   | 1191,<br>HD-1<br><a href="#">Act 59</a>  |              |
| TAX-10                               | <b>ADMINISTRATION</b> - Increases the time period that the department has to dispose of and sell seized property due to nonpayment of taxes   | 1192,<br>SD-1<br><a href="#">Act 44</a>  |              |
| TAX-11                               | <b>GENERAL EXCISE</b> - Repeals the exemption for sales of: (1) liquor; (2) cigarettes and tobacco products; and (3) agricultural, meat, or fish products sold to any person or ocean-going or air common carrier in interstate and/or foreign commerce for consumption out-of-state on the shipper's vessels or airplanes  | 1193,<br>HD-1<br><a href="#">Act 160</a> |              |
| TAX-13                               | <b>TRANSIENT ACCOMMODATION</b> - Makes the current TAT rate of 9.25% permanent. Eliminates the imposition of the TAT on complimentary rooms. Amends the disposition of TAT revenues to provide that: (1) \$33 million shall be allocated to the convention center enterprise special fund instead of 17.3% of TAT revenues; (2) \$82 million shall be allocated to the tourism special fund instead of 34.2% of TAT revenues; provided that of the \$82 million, \$1 million shall be allocated for the operation of a Hawaiian center and the museum of Hawaiian music and dance at the Hawaii convention center and 0.5% of the \$82 million shall be transferred to a sub-account in the tourism special fund for a safety and security budget; (4) repeals the limit of \$71 million in TAT revenues deposited into the tourism special fund (5) eliminates the distribution of TAT revenues to the state parks special fund and the special land and development fund; (6) \$93 million shall be allocated to the counties instead of 44.8% of TAT revenues; and (7) of the remaining excess revenues deposited into the general fund, \$3 million shall be allocated for the protection, preservation, and enhancement of natural resources important to the visitor industry; the planning, construction and repair of facilities, and the operation and maintenance costs public lands connected with enhancing the visitor experience. | 1194,<br>CD-1<br><a href="#">Act 161</a> |              |

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| TAX-15 | <b>ADMINISTRATION</b> - Provides that all transactions, other than casual sales, shall be subject to the laws regulating cash transactions including the offering of receipts and record keeping.   | 1196,<br>CD-1<br><a href="#">Act 162</a> |  |
| TAX-16 | <b>ADMINISTRATION</b> - Makes the special enforcement section of the department permanent by repealing the sunset provisions of Act 134, SLH 2009   | 1197,<br>HD-1<br><a href="#">Act 58</a>  |  |
| TAX-28 | <b>ESTATE AND GENERATION-SKIPPING TRANSFER</b> - Conforms Hawaii's estate and generation-skipping transfer tax law to the federal IRC as amended on 1/2/13  | 1203,<br>SD-1<br><a href="#">Act 45</a>  |  |
| TAX-31 | <b>ADMINISTRATION</b> - Clarifies that the department of taxation shall also be responsible for the collection and administration of all taxes including delinquent taxes. Requires the department of taxation to submit reports regarding the contracts entered into under HRS 231-13 and the effect of this measure on the assessment, enforcement and collection of taxes. | 1206,<br>CD-1<br><a href="#">Act 93</a>  |  |

### Legislative Tax Proposals

| TAX                        | Bill No.         | Description  | Status                  |
|----------------------------|------------------|--|-------------------------|
| <b>ADMIN./<br/>APPEALS</b> | HB 425,<br>HD-1  | Requires offers in compromise to be accompanied with 20% of the amount of the offer in the case of a lump-sum offer in compromise or the first installment in the case of a periodic payment offer in compromise   | <a href="#">Act 6</a>   |
| <b>INCOME</b>              | SB 1349,<br>CD-1 | Reestablishes the tax credit for qualified research activities and clarifies the method of calculating the tax credit. Clarifies the applicable IRC section 41 provisions and requires a taxpayer to claim the corresponding federal tax credit under IRC section 41 to be eligible for the credit. Establishes new reporting requirements and requires the department of business, economic development, and tourism and the department of taxation to conduct studies to measure the effectiveness of the tax credit and submit reports to the legislature. The credit shall be applicable to tax years beginning after 12/31/12 and ending on 12/31/19. | <a href="#">Act 270</a> |
|                            | HB 430,<br>CD-1  | Provides that charitable contributions shall not be subject to the cap amounts of itemized deductions  | <a href="#">Act 256</a> |
|                            | HB 726,<br>CD-1  | Amends HRS section 235-17 to increase the motion picture, digital media, and film production tax credit from 15% to 20% for the costs incurred in a county with a population over 700,000 for qualified production costs incurred by a qualified production company; and from 20% to 25% for costs incurred in a county with a population of 700,000 or less. Increases the total tax credits that may be claimed per qualified production from \$8 million to \$15 million. Amends Act 88, SLH 2006, to extend the motion picture, digital media and film production credit from 12/31/15 to 12/31/18.  | <a href="#">Act 89</a>  |
| <b>GENERAL<br/>EXCISE</b>  | SB 458,<br>CD-1  | Repeals the transfer of general excise tax revenues to the state educational facilities improvement special fund and repeals the fund itself on 7/1/23   | <a href="#">Act 157</a> |
|                            | SB 933,<br>CD-1  | Extends the exclusion from the general excise tax of the amounts received by a managed care support coordinator of the TRICARE program for reimbursement of costs or advances for five years until 12/31/2018  | <a href="#">Act 164</a> |
|                            | SB 1360,<br>CD-1 | Makes permanent the general excise tax exemption for amounts received by a: (1) submanager of an association of apartment owners of a condominium property regime or nonprofit homeowners or community association as reimbursement for payment of common expenses; and (2) timeshare associations and by the 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. Also repeals the \$400,000 cap on the aggregate amount of the tax exemption on 12/31/12.   | <a href="#">Act 163</a> |

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|                | HB 144,<br>CD-1 | Clarifies the general excise tax exemption for professional employment organizations   | <a href="#">Act 174</a> |
| <b>GET/TAT</b> | HB 546,<br>CD-1 | Requires the EUTF to establish a separate trust fund for public employer contributions with separate accounts for the state public employer and for each county public employer. In any fiscal year subsequent to the 2017-2018 fiscal year in which the state public employer contributions into the fund are less than the amount of the annual required contribution, the amount that represents the excess of the annual required contribution over the state public employer contributions shall be deposited into the separate trust funds from a portion of all general excise tax revenues. In any fiscal year subsequent to the 2017-2018 fiscal year in which a county public employer contribution into the fund is less than the amount of the annual required contribution, the amount that represents the excess of the annual required contribution over the county public employer contribution shall be deposited into the fund from a portion of all transient accommodation tax revenues or other revenues collected on behalf of the public employer or held by the state. Establishes a task force to examine the unfunded liability of the EUTF. | <a href="#">Act 268</a> |
| <b>MISC.</b>   | HB 504,<br>SD-1 | Provides that special funds shall be included in the auditor's review of revolving and trust funds of the state beginning 2014 and every five years thereafter. The auditor shall submit a review of the special, revolving, and trust funds of the department of transportation and the department of defense, beginning in 2014. Also amends the criteria used by the auditor in analyzing legislative bills containing new, special or revolving funds.   | <a href="#">Act 130</a> |
|                | HB 514,<br>SD-1 | Replicates language delineating the state tax exemption on income and obligations for public housing organizations from HRS section 201H-37 (HFDC) into HRS chapter 356D (HPHA)  | <a href="#">Act 146</a> |