
A BILL FOR AN ACT

RELATING TO CAPITAL GOODS EXCISE TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 235-110.7, Hawaii Revised Statutes, is
2 amended by amending subsection (e) to read as follows:

3 "(e) As used in this section, the definition of section 38
4 property (with respect to investment in depreciable tangible
5 personal property) as defined by section 48(a)(1)(A), (a)(1)(B),
6 (a)(3), (a)(4), (a)(7), (a)(8), (a)(10)(A), (b), (c), (f), (l),
7 (m), and (s) of the Internal Revenue Code of 1954, as amended as
8 of December 31, 1984, is operative for the purposes of this
9 section only.

10 As used in this section:

11 "Cost" means [~~(1) the actual invoice price of the tangible~~
12 ~~personal property, or (2)] the basis from which depreciation is
13 taken under section 167 (with respect to depreciation) or from
14 which a deduction may be taken under section 168 (with respect
15 to accelerated cost recovery system) of the Internal Revenue
16 Code of [~~1954, as amended, whichever is less.~~] 1986, as amended,~~



1 to the extent that such basis was subject to tax at the rate of
2 four per cent under chapter 237 or 238.

3 "Eligible depreciable tangible personal property" is section
4 38 property as defined by the operative provisions of section 48
5 and having a depreciable life under section 167 or for which a
6 deduction may be taken under section 168 of the federal Internal
7 Revenue Code of 1954, as amended.

8 "Placed in service" means the earliest of the following
9 taxable years:

10 (1) The taxable year in which, under the:

11 (A) Taxpayer's depreciation practice, the period for
12 depreciation; or

13 (B) Accelerated cost recovery system, a claim for
14 recovery allowances;

15 with respect to such property begins; or

16 (2) The taxable year in which the property is placed in a
17 condition or state of readiness and availability for a
18 specifically assigned function.

19 "Purchase" means an acquisition of property.

20 "Tangible personal property" means tangible personal
21 property which is placed in service within Hawaii after
22 December 31, 1987, and the purchase or importation of which



1 resulted in a transaction which was subject to the imposition
2 and payment of tax at the rate of four per cent, except that for
3 the period January 1, 1993, through December 31, 2002, and if
4 the county general excise and use tax surcharge is in effect the
5 tax rate shall be four and one-half per cent, under chapter 237
6 or 238. "Tangible personal property" does not include tangible
7 personal property which is an integral part of a building or
8 structure or tangible personal property used in a foreign trade
9 zone, as defined under chapter 212."

10 SECTION 2. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

Capital Goods Excise Tax Credit

Description:

Amends the definition of "cost" with regard to the capital goods excise tax credit. (SD1)

