DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2007-11


On June 21, 2007, House Bill 1631 HD 2, SD 2, CD 1, was signed into law as Act 206.

The purpose of Act 206 is to measure the effectiveness of the Act 178/221/215 business investment tax credit (Investment Credit).

Act 206 requires any qualified high technology business (QHTB) that accepts an investment for which a credit may be claimed under Section 235-110.9, Hawaii Revised Statutes (HRS), to complete a survey that must be provided to the Department of Taxation by June 30 of each year for each of the five years following the year of investment.

Information required to be disclosed to the Department on the survey include:

- Identification of the QHTB's industry sector of activity that qualifies as research for purposes of the Investment Credit.
- Investment Credit data, including amounts of investment received;
- Revenue and expense data;
- Employment and wage data; and
- Any other information the Department deems necessary, such as patent information.

The survey is to be filed electronically through the Department's website. Any QHTB that fails to file the required survey is subject to a $1,000 penalty for every month the survey is not filed, not to exceed $6,000.

Upon receipt of the information provided by the survey, the Department is required to report the information by providing summary statistical information. This report is due by September 1 of each year.

The Department is also required to utilize the survey information for purposes of studying the effectiveness of the Investment Credit. This report is due by December 1 of each year.
The Department must also prepare a report by October 31, 2007 summarizing the data submitted prior to Act 206 by QHTBs on Form N-317. The report is to include summary statistics of the information provided, to date.

Act 206 requires the Department to identify each QHTB that is a beneficiary of investments under the Investment Credit. By accepting an investment for which a credit may be claimed, the QHTB agrees to allow its name to be disclosed to the public.

Act 206 takes effect on July 1, 2007 and applies to investments received after June 30, 2007. However, Act 206 will be repealed on January 1, 2011 and HRS §§ 235-20.5 and 235-110.9 will be reenacted in the form in which they read prior to Act 206.

For more information on Act 206, please contact the Rules Office at 808-587-1577.

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