

FORM  
**N-326**  
(REV. 2009)

# TECHNOLOGY INFRASTRUCTURE RENOVATION TAX CREDIT

TAX  
YEAR  
**2009**

Or fiscal year beginning \_\_\_\_\_, 2009, and ending \_\_\_\_\_, 20\_\_\_\_

**ATTACH THIS SCHEDULE TO FORM N-11, N-15, N-20, N-30, N-35, N-40, OR N-70NP**

Name _____	SSN or FEIN _____
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**NOTE:** If you are claiming the Ethanol Facility Tax Credit, no other credit can be claimed for the taxable year: skip lines 1 through 6 and begin on line 7. If you are only claiming the tax credit from a flow-through entity, start on line 2.

1. Enter the total renovation costs incurred during the taxable year for commercial building(s) located in Hawaii	<b>1</b>	
2. Flow through of renovation costs received from other entities, if any. Check the applicable box below. Enter the name and Federal Employer I.D. No. of Entity:  <input type="checkbox"/> a S corporation shareholder — enter total from Schedule K-1 (Form N-35), line 12g . . . . . <input type="checkbox"/> b Partner — enter total from Schedule K-1 (Form N-20), line 20 . . . . . <input type="checkbox"/> c Beneficiary — enter total from Schedule K-1 (Form N-40), line 9. . . . .	<b>2</b>	
3. Total eligible renovation costs for the taxable year (add lines 1 and 2). Also enter this amount on Schedule K for Forms N-20 and N-35. Enter beneficiaries' share on Form N-40, Schedule K-1, line 9 . . . . . For N-20, N-35, N-40 filers, stop here and see the instructions before proceeding to line 4.	<b>3</b>	
4. Enter the amount of renovation costs reported on line 3 incurred on or after May 1, 2009 . . . . .	<b>4</b>	
5. Total tax credit earned in tax year 2009. Multiply line 3 by 4% (.04) . . . . .	<b>5</b>	
6. Tax credit earned in tax year 2009 on or after May 1, 2009. Multiply line 4 by 4% (.04). . . . .	<b>6</b>	
7. Carryover of unused technology infrastructure renovation tax credit from prior year. . . . .	<b>7</b>	
8. Tentative current year technology infrastructure renovation tax credit — Add lines 5 and 7. . . . .	<b>8</b>	
<b>Tax Liability and Credit Limitations</b> (Not to be completed by Form N-20 and Form N-35 filers)		
9. a Individuals — Enter tax liability amount from Form N-11 or, if applicable, Form N-15 . . . . . b Corporations — Enter tax liability from Form N-30 . . . . . c Other filers — Enter your income tax liability, before credits, from the applicable form . . . . .	<b>9</b>	
10. If you are claiming other credits, complete the credit worksheet in the instructions and enter the total here. . . . .	<b>10</b>	
11. Income tax liability, as adjusted, line 9 minus line 10. If the result is zero or less than zero, enter zero on line 11. . . . .	<b>11</b>	
<b>12. Maximum tax credit allowed for renovation costs incurred on or after May 1, 2009.</b>		
a Income tax liability limitation for renovation costs incurred on or after May 1, 2009. Multiply line 9 by 80%. . . . .	<b>12a</b>	
b If you claimed the high technology business investment tax credit in tax year 2009, enter the amount reported on Form N-318, line 16. . . . .	<b>12b</b>	
c Line 12a minus line 12b. If the result is less than zero, enter zero. . . . .	<b>12c</b>	
d Enter the smaller of line 6 or line 12c. This is the maximum tax credit allowed for renovation costs incurred on or after May 1, 2009 . . . . .	<b>12d</b>	
<b>13 Total credit allowed to be claimed for renovation costs.</b>		
a Maximum credit allowed to be claimed for renovation costs incurred on or after May 1, 2009 — Enter the smaller of line 11 or line 12d. . . . .	<b>13a</b>	
b Remaining credit eligible to be claimed for tax year 2009 — Line 11 minus line 13a. . . . .	<b>13b</b>	
c Total credit from renovation costs incurred before May 1, 2009 — Line 8 minus line 6. . . . .	<b>13c</b>	
d Enter the smaller of line 13b or 13c. If zero, enter zero. . . . .	<b>13d</b>	
e <b>Total technology infrastructure renovation tax credit</b> — Add lines 13a and 13d. Enter this amount, rounded to the nearest dollar for individual taxpayers, on the appropriate line for the credit on Schedule CR (for Form N-11, N-15, N-30 and N-70NP filers), or on Form N-40, Schedule E (for the estate's or trust's share), whichever is applicable . . . . .	<b>13e</b>	
14. <b>Carryover of unused credit</b> — Line 13c minus line 13e. Enter the difference here. The amount of any unused tax credit may be carried over and used as a credit against your income tax liability in subsequent years until exhausted . . . . .	<b>14</b>	

**INSTRUCTIONS FOR FORM N-326**

**Note: If you are claiming the Ethanol Facility Tax Credit, no other credit can be claimed for the taxable year.**

**CHANGES TO NOTE:** For taxable years beginning on or after January 1, 2009, the maximum that can be claimed for the technology infrastructure renovation credit for renovation costs incurred on or after May 1, 2009 and for the high technology business investment tax credit for investments made on or after May 1, 2009, taken together, is an amount equal to 80% of the taxpayer's tax liability.

**GENERAL INSTRUCTIONS**

Each taxpayer subject to Hawaii's net income tax may claim a 4 percent nonrefundable technology infrastructure renovation tax credit for the renovation costs incurred during the taxable year for each commercial building located in Hawaii. No tax credit shall be allowed for that portion of the renovation costs for which another tax credit was claimed under Hawaii's Income Tax Law for the taxable year. Also, if a deduction is taken under Internal Revenue Code (IRC) section 179 (regarding an election to expense certain depreciable business assets) no tax credit shall be allowed for that portion of the renovation costs for which the deduction was taken.

The basis of eligible property for depreciation or ACRS purposes or state income taxes shall be reduced by the amount of tax credit allowable and claimed. Alternatively, you may treat the amount of the credit allowable and claimed as a taxable income item for the taxable year in which it is properly recognized under the method of accounting used to compute taxable income. The tax credit is not available for taxable years beginning after December 31, 2010.

In the case of a partnership, S corporation, estate, trust, or any developer of a commercial building, the tax credit allowable is for qualified renovation costs incurred by the entity for the taxable year. The renovation costs upon which the tax credit is computed is determined at the entity level. Each partner, S corporation shareholder, or beneficiary of an estate or trust shall separately take into account for its taxable year with or within which the entity's taxable year ends, the partner's, shareholder's, or beneficiary's share of the renovation costs and resulting tax credit. A partner's share of the renovation costs shall be determined in accordance with the ratio in which the partners divide the general profits of the partnership. The renovation costs of the partnership which are subject to a special allocation that is recognized under IRC section 704(a) and (b) shall be recognized for the purposes of this tax credit. Each S corporation shareholder's renovation costs is the shareholder's allocated share of the S corporation's renovation costs. A beneficiary's share of the renovation costs is apportioned between the entity and the beneficiaries based on the income of the entity allocable to each. The term "beneficiary" includes an heir, legatee, or devisee.

**Tax credit to be deducted from income tax liability, if any; refunds.** If the tax credit exceeds the taxpayer's income tax liability, the excess of tax credit over liability may be carried forward until exhausted. However, no tax credit for renovation costs incurred on or after May 1, 2009 may be carried forward.

**Definitions.** For purposes of the tax credit:

"Net income tax liability" means income tax liability reduced by all other credits allowed under this chapter.

"Renovation costs" means costs incurred after December 31, 2000, to plan, design, install, construct, and purchase technology-enabled infrastructure equipment to provide a commercial building with technology-enabled infrastructure.

"Technology-enabled infrastructure" means:

- (1) High speed telecommunications systems that provide Internet access, direct satellite communications access, and videoconferencing facilities;
- (2) Physical security systems that identify and verify valid entry to secure spaces, detect invalid entry or entry attempts, and monitor activity in these spaces;
- (3) Environmental systems to include heating, ventilation, air conditioning, fire detection and suppression, and other life safety systems; and
- (4) Backup and emergency electric power systems.

**SPECIFIC INSTRUCTIONS**

**Line 1** — Enter the renovation costs incurred during the taxable year for commercial building(s) located in Hawaii. Do not include that portion of the renovation costs for which another tax credit was claimed under chapter 235, HRS, for the taxable year. Do not include that portion of the renovation cost for which a deduction is taken under IRC section 179. Do not include costs for routine maintenance or repairs.

**Line 2** — Flow through of renovation costs received from other entities, if any. In the case of a taxpayer who is a member of a pass-through entity

(i.e., partnership, S corporation, estate, or trust) and who claims a tax credit for the entity's renovation costs, enter the amount of the costs received from the entity on line 2.

**Line 3** — Estates and trusts: The total cost on line 3 is to be allocated between the estate or trust and the beneficiaries in the proportion of the income allocable to each party. On the dotted line to the left of line 3, enter the cost allocable to the estate or trust with the designation "N-40 PORTION". Attach Form N-326 to the N-40 return and enter the distributive share of the costs for each beneficiary on Form N-40, Schedule K-1, line 10.

Form N-20 and N-35 filers, stop here. Form N-20 filers, enter the amount on line 3 on Schedule K, line 20. Form N-35 filers, enter the amount on line 3 on Schedule K, line 12g. Form N-40 filers enter the distributive share amount on line 9 of Schedule K-1, Form N-40, for each beneficiary, otherwise continue to line 4. All others, continue to line 4.

**Line 7** — This line is for the carryover of unused technology infrastructure renovation tax credit from prior years.

**Line 8** — Add lines 5 and 7. This is your tentative current year technology infrastructure renovation tax credit.

If you are also claiming the High Technology Business Investment Tax Credit (Form N-318), complete Form N-318 before completing this form.

**Line 9** — Enter the tax liability before any credits from the appropriate line of your tax return.

**Line 10** — The law requires that ALL other credits offset a taxpayer's tax liability BEFORE allowing a technology infrastructure renovation tax credit. Complete the *Credit Worksheet* below and enter the result on line 10.

<b>CREDIT WORKSHEET</b>	
<b>Tax Credit</b>	<b>Amount</b>
a. Ethanol Facility Tax Credit.....	_____
b. Income Taxes Paid to another state or foreign country .....	_____
c. Enterprise Zone Tax Credit .....	_____
d. Carryover of the Energy Conservation Tax Credit.....	_____
e. Credit for Employment of Vocational Rehabilitation Referrals .....	_____
f. Carryover of the Individual Development Account Contribution Tax Credit .....	_____
g. Credit for School Repair and Maintenance .....	_____
h. Ko Olina Resort and Marina Attractions and Educational Facilities Tax Credit .....	_____
i. Renewable Energy Technologies Income Tax Credit .....	_____
j. Credit for Low-Income Household Renters .....	_____
k. Credit for Child and Dependent Care Expenses .....	_____
l. Credit from a Regulated Investment Company .....	_____
m. Fuel Tax Credit for Commercial Fishers .....	_____
n. Credit for Child Passenger Restraint Systems.....	_____
o. Capital Goods Excise Tax Credit .....	_____
p. Motion Picture, Digital Media, and Film Production Income Tax Credit.....	_____
q. Refundable Food/Excise Tax Credit .....	_____
r. Tax Credit for Research Activities.....	_____
s. Low-Income Housing Tax Credit .....	_____
t. High Technology Business Investment Tax Credit for investments made before May 1, 2009 .....	_____
u. Add lines a through t. Enter the amount here and on line 10 .....	_____