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## A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§235-       Activated Hawaii national guard member tax  
5 credit. (a) There shall be allowed to each individual taxpayer  
6 who is not claimed, or is not otherwise eligible to be claimed  
7 as a dependent by another taxpayer for federal or state income  
8 tax purposes, an activated Hawaii national guard member tax  
9 credit that shall be deductible from the taxpayer's net income  
10 tax liability imposed by this chapter.

11           (b) To qualify for the tax credit, the taxpayer shall:

12           (1) Be a member in good standing of the Hawaii national  
13           guard;

14           (2) Have been ordered into federal active duty for not  
15           less than one hundred eighty consecutive days,  
16           including service of not less than thirty days in a  
17           combat zone or qualified hazardous duty area to which



1           the combat zone income exclusion under section 112 of  
2           the Internal Revenue Code applies; and

3           (3) Be in compliance with all applicable federal, state,  
4           and county statutes, rules, and regulations.

5           (c) The tax credit shall be \$1,000 per taxpayer. The tax  
6           credit shall be claimed during the year of the return of the  
7           Hawaii national guard member from the combat zone or qualified  
8           hazardous duty area.

9           (d) If the tax credit under this section exceeds the  
10           taxpayer's net income tax liability, the amount of the excess  
11           tax credit shall be paid to the eligible taxpayer; provided that  
12           no refund or payment on account of the tax credit allowed by  
13           this section shall be made for amounts less than \$1.

14           (e) Every claim, including amended claims, for the tax  
15           credit under this section shall be filed on or before the end of  
16           the twelfth month following the close of the taxable year for  
17           which the tax credit may be claimed. Failure to meet the filing  
18           requirements of this subsection shall constitute a waiver of the  
19           right to claim the tax credit.

20           (f) The director of taxation:

21           (1) Shall prepare forms as may be necessary to claim a tax  
22           credit under this section;



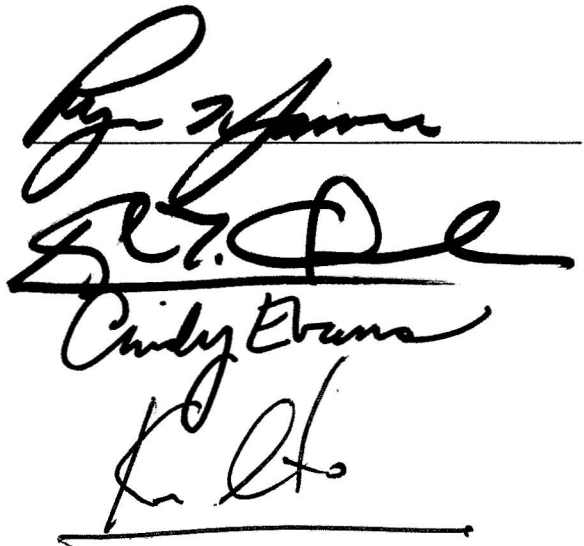
1        (2) May require proof of the claim for the tax credit; and  
2        (3) May adopt rules pursuant to chapter 91 to effectuate  
3        the purposes of this section."

4        SECTION 2. New statutory material is underscored.

5        SECTION 3. This Act shall take effect upon its approval  
6        and shall apply to taxable years beginning after December 31,  
7        2007.

8

INTRODUCED BY:



JAN 22 2008



**Report Title:**

Tax Credits; Hawaii National Guard Members

**Description:**

Provides a \$1,000 tax credit to Hawaii national guard members who have served in a combat zone or qualified hazardous duty area.

