
A BILL FOR AN ACT

RELATING TO TAXATION.

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- Employment of national guard member; income tax
5 credit. (a) There shall be allowed to each employer subject to
6 the tax imposed by this chapter an employment of national guard
7 member income tax credit for each qualified employee; provided
8 that the employer pays the differential between the deployed
9 employee's national guard pay and the employee's civilian pay.
10 The amount of the credit shall be equal to five per cent of a
11 qualified employee's salary or wage costs paid or incurred by
12 the employer during the taxable year; provided that the maximum
13 credit claimed against the employer's gross income tax liability
14 for a taxable year shall be \$1,000 per qualified employee. The
15 tax credit may be applied against the employer's gross income
16 tax liability for each taxable year that the employer employs a
17 member of the national guard.



1 (b) No credit or deduction shall be allowed under any
2 other provision of this chapter for any amount for which a
3 credit is allowed under this section.

4 (c) If the tax credit claimed by the employer under this
5 section exceeds the amount of the income tax payments due from
6 the employer, the excess of credit over payments due shall be
7 refunded to the employer; provided that the tax credit properly
8 claimed by an employer who has no income tax liability shall be
9 paid to the employer; and provided further that no refund or
10 payment on account of the tax credit allowed by this section
11 shall be made for amounts less than \$1.

12 (d) The director of taxation shall prepare any forms that
13 may be necessary to claim a credit under this section, may
14 require proof of the claim for the tax credit, and may adopt
15 rules pursuant to chapter 91.

16 (e) Claims for the tax credit under this section,
17 including any amended claims, shall be filed on or before the
18 end of the twelfth month following the taxable year for which
19 the credit may be claimed. Failure to comply with the foregoing
20 provisions shall constitute a waiver of the right to claim the
21 credit.



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1 (f) For the purposes of this section, "qualified employee"
 2 means an employee who is a resident of the State and an active
 3 member of the national guard during the taxable year in which
 4 the credit under this section is being claimed; provided that
 5 the person is not employed by a county, state, or federal
 6 government."

7 SECTION 2. New statutory material is underscored.

8 SECTION 3. This Act, upon its approval, shall apply to the
 9 taxable years beginning after December 31, 2006.

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INTRODUCED BY:

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Report Title:

Tax Credit; Employers Who Hire Members of the National Guard

Description:

Establishes a 5% income tax credit for Hawaii employers that hire state residents who are members of the national guard. Establishes that the maximum tax credit per national guard/employee shall be \$1,000.

