
A BILL FOR AN ACT

RELATING TO WORKFORCE DEVELOPMENT.

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

1 PART I

2 SECTION 1. The legislature finds that Hawaii's economy
3 depends on a highly skilled workforce to stay competitive and
4 that new means have to be explored and applied to ensure meeting
5 the constantly increasing demands on the workforce.

6 The legislature believes that in support of a national
7 effort to foster workforce development and to deal with the lack
8 of skilled workers, lifelong learning accounts can be the means
9 to develop the workforce properly, and at the same time to
10 fulfill an employer's needs and to accomplish an individual's
11 career goals. Lifelong learning accounts are employer-matched,
12 portable, individual savings accounts used to finance education
13 and training--similar to an employer-sponsored retirement plan
14 or 401(k) plan, but used for skill-building and career
15 advancement. Lifelong learning accounts provide tax incentives
16 for both the employer and the employee. The purpose of this
17 part is to establish a lifelong learning accounts program in



1 Hawaii, to encourage employer and employee investment in
2 upgrading the skills of the incumbent workforce.

3 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
4 amended by adding two new sections to be appropriately
5 designated and to read as follows:

6 "§235- Lifelong learning account tax credit. (a) Each
7 individual taxpayer, who files an individual income tax return
8 for a taxable year and who is not claimed or is not eligible to
9 be claimed as a dependent by another taxpayer for Hawaii state
10 individual income tax purposes, may claim a lifelong learning
11 account tax credit equal to payments made by the taxpayer into a
12 lifelong learning account during the taxable year against the
13 taxpayer's net individual income tax liability for the taxable
14 year for which the individual's income tax return is being
15 filed. An individual who has no income taxable under this
16 chapter, and who is not claimed or is not otherwise eligible to
17 be claimed as a dependent by a taxpayer for Hawaii state
18 individual income tax purposes, may also claim this credit. The
19 tax credit shall be as follows:

20 (1) The tax credit shall not exceed \$ in aggregate
21 for a husband and wife filing a joint return; provided
22 that a husband and wife filing separate tax returns



1 for a taxable year, for which a joint return could
2 have been filed by them, shall claim only the tax
3 credit to which they would have been entitled under
4 this section had a joint return been filed; and

5 (2) The tax credit shall not exceed \$ in the aggregate
6 for all other taxpayers filing a return.

7 (b) The tax credit applies to payments made by the
8 taxpayer during the taxable year into a qualified lifelong
9 learning account for the benefit of the taxpayer.

10 (c) All claims, including any amended claims, for tax
11 credits under this section shall be filed on or before the end
12 of the twelfth month following the close of the taxable year for
13 which the credit may be claimed. Failure to comply with the
14 foregoing provision shall constitute a waiver of the right to
15 claim the credit.

16 (d) If a taxpayer claims any other tax credit or deduction
17 under title 14, including a deduction under Section 162 or 213
18 of the Internal Revenue Code, to which state law conforms, for
19 premiums paid on a long-term care insurance policy, no credit
20 shall be claimed under this section for the same premium
21 payments.



1 (e) The director of taxation shall prepare forms that may
2 be necessary to claim a tax credit under this section. The
3 director may also require the taxpayer to furnish information to
4 ascertain the validity of the claims for a tax credit made under
5 this section and may adopt rules necessary to effectuate the
6 purposes of this section pursuant to chapter 91.

7 (f) As used in this section:

8 "Lifelong learning account" means an individual asset
9 account held by a trustee, custodian, or fiduciary approved by
10 the department of labor and industrial relations on behalf of an
11 employee in the state.

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

14 If the tax credits claimed by a taxpayer exceed the amount
15 of income tax payment due from the taxpayer, the excess of
16 credits over payments due shall be refunded to the taxpayer;
17 provided that tax credits properly claimed by an individual who
18 has no income tax liability shall be paid to the resident
19 individual; and provided further that no refunds or payment on
20 account of the tax credit allowed by this section shall be made
21 for amounts less than \$1.



1 §235- Employer's tax credit for lifelong learning
2 account matching funds paid for employees. (a) Subject to the
3 limitations of this section, an employer subject to taxation
4 under this chapter may claim a non-refundable tax credit equal
5 to the amount of payments made by the employer during the
6 taxable year as matching payments to lifelong learning accounts
7 for its employees. The maximum tax credit shall not exceed \$
8 during the taxable year for each employee on whose behalf
9 qualified lifelong learning account matching payments are made.

10 (b) The credit allowed under this section shall be claimed
11 against the employer's net income tax liability for the taxable
12 year. If the tax credit under this section exceeds the
13 taxpayer's income tax liability, the excess of the credit may be
14 carried forward until exhausted.

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

21 (d) The director of taxation shall prepare forms that may
22 be necessary to claim a credit under this section. The director



1 may also require the taxpayer to furnish information to
2 ascertain the validity of the claims for deductions made under
3 this section and may adopt rules necessary to effectuate the
4 purposes of this section pursuant to chapter 91.

5 (e) As used in this section, "lifelong learning account"
6 means an individual asset account held by a trustee, custodian,
7 or fiduciary approved by the department of labor and industrial
8 relations on behalf of an employee in the state."

9 SECTION 3. Chapter 394, Hawaii Revised Statutes, is
10 amended by adding a new section to be appropriately designated
11 and to read as follows:

12 **"§394- Lifelong learning accounts program.** (a) There is
13 established within the department of labor and industrial
14 relations the lifelong learning accounts program.

15 The lifelong learning account is an individual asset
16 account that shall be held by a trustee, custodian, or fiduciary
17 approved by the department of labor and industrial relations on
18 behalf of an employee in the state. The moneys in the
19 individual asset account shall be used only to pay education
20 expenses incurred by or on behalf of the account owner.



1 (b) The department of labor and industrial relations shall
2 use moneys appropriated for the lifelong learning accounts
3 program to:

4 (1) Encourage both lower-income and lower-skilled
5 healthcare, hospitality, and technology industry
6 workers to participate in a lifelong learning account;

7 (2) Encourage the establishment of lifelong learning
8 accounts in diverse geographic and economic areas and
9 among differing sizes of firms, including healthcare,
10 hospitality, and technology industry workers in urban,
11 suburban, and rural areas of the state;

12 (3) Make technical assistance available to companies, and
13 make educational and career advising available to
14 individual participants;

15 (4) Document the process and outcomes in the establishment
16 of lifelong learning accounts and prepare a report
17 thereon; and

18 (5) Partially offset the contribution of low-income
19 employees.

20 (c) In conformity with and subject to chapter 91, the
21 director of labor and industrial relations shall adopt rules to
22 effectuate this chapter.



1 (d) The department may enter into contracts with other
2 government agencies, non-profit organizations, or for-profit
3 firms in addressing the purpose and required activities of the
4 lifelong learning accounts program."

5 SECTION 4. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$ or so much
7 thereof as may be necessary for fiscal year 2007-2008 and the
8 sum of \$ or so much thereof as may be necessary for
9 fiscal year 2008-2009 to carry out the purposes of the lifelong
10 learning accounts program.

11 The sums appropriated shall be expended by the department
12 of labor and industrial relations for the purposes of this part.

13 PART II

14 SECTION 5. This part establishes a statewide kama`aina
15 come home program, that will assist the efforts of county,
16 private sector, and state organizations to attract out-of-state,
17 former Hawaii residents (kama`aina) back into Hawaii's economy.

18 Pioneering efforts to attract kama`aina back home have been
19 developed by county economic development boards and the
20 department of business, economic development, and tourism. The
21 Hawaii county economic development board, which originated the
22 "Kama`aina come home" brand, pioneered the concept in the 1990s



1 and ever since, the counties and the State have run occasional
2 events on the mainland to attract kama`aina.

3 SECTION 6. Chapter 201, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 **"§201- Establishment of kama`aina come home program.**

7 (a) There is established within the department of business,
8 economic development, and tourism, the kama`aina come home
9 program. The purpose of the program is to initiate new efforts,
10 and support existing efforts by county economic development
11 boards and other agencies, organizations, and businesses, to
12 attract former Hawaii residents with high-demand work skills
13 back into jobs in Hawaii's economy.

14 (b) The program shall pursue but not be limited to the
15 following activities to achieve the purpose of the program:

16 (1) Development of a joint effort between the department,
17 county economic development boards, and major
18 employers to hold a series of periodic events in
19 selected mainland United States cities to inform and
20 recruit back to the state, skilled kama`aina based on
21 actual employment opportunities;



1 (2) Development of or support for the development of a
 2 voluntary, ongoing data base of high school seniors in
 3 Hawaii, and establishment of methods to track
 4 continuously the residency of these graduates for the
 5 purpose of informing them about career opportunities
 6 in Hawaii; and

7 (3) Cooperation with the department to enhance the
 8 department's HIRENET job search web site to include
 9 specific information on Hawaii job opportunities and
 10 related information for out-of-state kama`aina.

11 (c) The department may enter into contracts with other
 12 government agencies, county economic development boards, other
 13 non-profit organizations, or for-profit firms in addressing the
 14 purpose and required activities of the program.

15 (d) The program shall establish measures of effectiveness
 16 of the high school senior and out-of-state databases, the
 17 success of the out-of-state events at filling jobs in Hawaii,
 18 and the effectiveness of the HIRENET component to match out-of-
 19 state kama`aina with jobs under the program."

20 SECTION 7. There is appropriated out of the general
 21 revenues of the State of Hawaii the sum of \$ or so much
 22 thereof as may be necessary for fiscal year 2007-2008 and the



1 sum of \$ or so much thereof as may be necessary for
2 fiscal year 2008-2009 to carry out the purposes of the kama`aina
3 come home program.

4 Of the sums appropriated, \$ for fiscal year 2007-
5 2008 and \$ for fiscal year 2008-2009 shall be expended by
6 the department of business, economic development, and tourism
7 for the purposes of this part. Of the sums appropriated, \$
8 for fiscal year 2007-2008 and \$ for fiscal year 2008-2009
9 shall be expended by the department of labor and industrial
10 relations for the purposes of this part.

11 SECTION 8. New statutory material is underscored.

12 SECTION 9. This Act shall take effect on July 1, 2020.



Report Title:

Lifelong Learning Accounts; Kama'aina Come Home; Workforce

Description:

Establishes a lifelong learning program and tax credit in the Department of Labor and Industrial Relations to support upgraded training for the incumbent workforce. Establishes the Kama'aina Come Home Program to bring skilled kama'ainas home to work in the technology sector and other shortage areas. (HB916 HD2)

